

# Official Statement Dated May 3, 2001

## REFUNDING/NEW ISSUE

MOODY'S RATING: Aaa  
STANDARD & POOR'S: AAA  
(See "Ratings" herein)

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds is excluded from gross income for Federal income taxes purposes pursuant to Section 103 of the Code; the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. See Appendix B "Opinion of Bond Counsel and Tax Exemption" herein.

## TOWN OF BRANFORD, CONNECTICUT

\$23,770,000

### GENERAL OBLIGATION BONDS BOOK-ENTRY-ONLY

Due: May 15, as shown below

Dated: May 15, 2001

The Bonds will be general obligations of the Town of Branford, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal and interest when due. See "Security and Remedies" herein.

Interest on the Bonds will be payable on November 15, 2001 and semiannually thereafter on the fifteenth day of November and May in each year until maturity. The Bonds will be issued by means of a book-entry system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of and interest on the Bonds will be payable by the Town to DTC or its nominees as registered owners of the Bonds. DTC will credit its participants ("Direct Participants") in accordance with their respective holdings shown on the records of DTC. It is anticipated that Beneficial Owners of the Bonds will receive payment or credit from Direct Participants and Indirect Participants. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. See "Book-Entry Only Transfer System" herein.

The Bonds are subject to optional redemption prior to maturity. See "Optional Redemption" herein.

MBIA The scheduled payment of principal of and interest on the Bonds maturing in each of the years May 15, 2002 - 2019, both inclusive, will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by MBIA Insurance Corporation. See "Appendix D - Bond Insurance" herein.

### MATURITY SCHEDULE

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>
2002	\$1,380,000	4.00%	3.00%	2011	\$1,540,000	4.375%	4.46%
2003	1,140,000	4.25	3.35	2012	1,635,000	5.00	4.58
2004	1,440,000	5.00	3.54	2013	1,640,000	5.25	4.67
2005	1,450,000	5.00	3.71	2014	1,640,000	5.00	4.78 *
2006	1,595,000	4.25	3.85	2015	1,645,000	5.00	4.88 *
2007	1,615,000	4.00	4.00	2016	710,000	5.00	4.97 *
2008	1,610,000	4.25	4.14	2017	710,000	5.00	5.03
2009	1,535,000	5.00	4.26	2018	635,000	5.00	5.08
2010	1,540,000	4.625	4.36	2019	310,000	5.00	5.12

\* Priced assuming redemption on May 15, 2013; however, any such redemption is at the optional election of the Town.  
See "Optional Redemption" herein

The Bonds are offered for delivery when, as and if issued, and received by the Underwriter, subject to the final approving opinion of Day, Berry & Howard LLP, Bond Counsel, Hartford, Connecticut. Certain legal matters will be passed upon for the Underwriter by Shipman & Goodwin LLP, of Hartford, Connecticut, Underwriter's Counsel. It is expected that delivery of the Bonds in definitive form will be made to The Depository Trust Company, New York, New York on or about May 15, 2001.

**ROOSEVELT & CROSS  
INCORPORATED**

Dated: May 3, 2001



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No dealer, broker, salesman or other person has been authorized by the Town of Branford, Connecticut (the "Town"), to give any information or to make any representations, other than those contained in this Official Statement; and if given or made, such other information or representation must not be relied upon as having been authorized by the Town.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The information, estimates and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

Other than matters expressly set forth in Appendix A - "Financial Statements" herein, the independent auditors for the Town are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement and make no representation that they have independently verified the same.

Other than as to matters expressly set forth in Appendix B - "Form of Bond Counsel Opinion and Tax Exemption" herein, Bond Counsel are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

Independent Bond and Investment Consultants LLC, the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

The Town currently files its official statements for primary offerings with all nationally recognized municipal securities information repositories. In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the form of Appendix C to this Official Statement.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date the Town has not failed to meet any of its undertakings under such agreements.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

**BOND COUNSEL**

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(860) 275-0186*

**INDEPENDENT FINANCIAL ADVISOR**

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CONSULTANTS LLC**

*Madison, Connecticut  
(203) 245-8715*



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**OFFICIAL STATEMENT  
TOWN OF BRANFORD, CONNECTICUT**

**\$23,770,000**

**GENERAL OBLIGATION BONDS**

**INTRODUCTION**

This Official Statement, including the cover page and appendices, has been prepared by the Town of Branford, Connecticut (the "Town") with assistance from the financial advisor in connection with the issuance and sale of \$23,770,000 General Obligation Bonds (the "Bonds").

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and they make no representation that they have independently verified the same.

**THE BONDS**

**Description of the Bonds**

The Bonds, comprising an issue in the principal amount of \$23,770,000, of which \$12,230,000 (The "Refunding Bonds") will be used to advance refund portions of the outstanding principal amounts of general obligations bonds of the Town dated August 15, 1996; \$4,270,000 will be used to currently refund bond anticipation notes that mature on July 25, 2001 (the "Capital Project Bonds"); and \$7,270,000 will be used to finance new capital projects (the "New Money Bonds"). The Refunding Bonds, Capital Project Bonds and the New Money Bonds are collectively the "The Bonds". See "Plan of Refunding" and "Capital Project Financing" herein.

The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof for any single maturity. Interest on the Bonds will be payable November 15, 2001 and semiannually thereafter on May 15 and November 15 in each year from the date of the Bonds until the date of maturity. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, except any odd amount, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York, ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Only Transfer System" herein. The Registrar, Certifying, Transfer Agent and Paying Agent will be State Street Bank and Trust Company of Connecticut, N.A., Hartford, Connecticut. The Bonds are subject to redemption prior to maturity. See "Optional Redemption" herein.

**Plan of Refunding**

The Refunding Bonds are being issued pursuant to a refunding bond resolution (the "Resolution") adopted by the Town's Representative Town Meeting ("RTM") at a meeting held April 11, 2001. The Resolution authorizes the issuance of refunding bonds in an amount not to exceed \$13,000,000.



The following is a list of the Refunded Bonds. The refunding is contingent upon delivery of the Bonds.

Issue	Dated Date	Maturity Date	Principal Amount Outstanding	Interest Rate	Redemption Date	Redemption Price
1996	August 15, 1996	February 15, 2002	\$825,000	5.90%	N/A	N/A
1996	August 15, 1996	February 15, 2003	825,000	4.60	N/A	N/A
1996	August 15, 1996	February 15, 2004	825,000	4.70	N/A	N/A
1996	August 15, 1996	February 15, 2005	800,000	4.85	N/A	N/A
1996	August 15, 1996	February 15, 2006	800,000	4.85	N/A	N/A
1996	August 15, 1996	February 15, 2007	800,000	5.00	February 15, 2006	100.00
1996	August 15, 1996	February 15, 2008	800,000	5.05	February 15, 2006	100.00
1996	August 15, 1996	February 15, 2009	725,000	5.125	February 15, 2006	100.00
1996	August 15, 1996	February 15, 2010	725,000	5.25	February 15, 2006	100.00
1996	August 15, 1996	February 15, 2011	725,000	5.30	February 15, 2006	100.00
1996	August 15, 1996	February 15, 2012	825,000	5.375	February 15, 2006	100.00
1996	August 15, 1996	February 15, 2013	825,000	5.375	February 15, 2006	100.00
1996	August 15, 1996	February 15, 2014	825,000	5.40	February 15, 2006	100.00
1996	August 15, 1996	February 15, 2015	825,000	5.40	February 15, 2006	100.00
1996	August 15, 1996	February 15, 2016	775,000	5.40	February 15, 2006	100.00
Total			<u>\$11,925,000</u>			

Upon delivery of the Bonds, the net proceeds of the Refunding Bonds will be placed in an irrevocable escrow fund (the "Advance Refunding Escrow Deposit Fund") established with State Street Bank and Trust Company of Connecticut, N.A., Hartford, Connecticut, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement") dated as of May 15, 2001 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of non-callable direct obligations of, or obligations guaranteed by, the United States of America (the "Government Obligations"), the principal of and interest on which, when due, will provide amounts sufficient to meet principal, interest payments and redemption prices on the Refunded Bonds on the redemption dates. All investment income on and maturing principal of the Government Obligations held in the Escrow Deposit Fund and needed to pay the principal, interest payments and redemption prices of the Refunded Bonds will be irrevocably deposited by the Town for payment of the Refunded Bonds. The net proceeds of the Capital Project Bonds will be deposited into a separate escrow fund (the "Current Refunding Escrow Deposit Fund") established under the Escrow Agreement and to be invested until used to repay the bond anticipation notes that mature on July 25, 2001. The balance of the proceeds of the Bonds will be used for capital projects and to pay costs of issuance, the premium on the bond insurance policy and underwriter's discount.

#### Capital Project Financing

Authorization. The Capital Project Bonds and New Money Bonds are issued pursuant to Title 7 of the Connecticut General Statutes, as amended, the Charter of the Town of Branford and certain bond resolutions adopted by the Town's Board of Finance and RTM.

Appropriations and bond authorizations in the aggregate remaining amount of \$11,767,000 have been approved at the RTM for the capital projects listed below. The Capital Project Bonds will be used to currently refund existing bond anticipation notes due July 25, 2001, with the New Money Bonds being issued for capital projects with no previous borrowing outstanding.

Use of the proceeds of the Capital Project Bonds and the New Money Bonds:

Project	Remaining Borrowing Authorization	Capital Project Bonds	New Money Bonds	Total	Bonds Authorized But Unissued
Sewer Station Pump Upgrades <sup>1</sup>	\$3,950,000	\$ 770,000	\$3,180,000	\$3,950,000	\$ -0- <sup>1</sup>
Branford High School Renovations	2,250,000	2,250,000	-0-	2,250,000	-0- <sup>2</sup>
Willoughby Wallace Library Renovations	250,000	250,000	-0-	250,000	-0-
Town Hall Renovations Phase 2,3,4	3,515,000	1,000,000	2,515,000	3,515,000	-0- <sup>3</sup>
Palmer Wood Pump Upgrades	1,300,000	-0-	1,175,000	1,175,000	125,000
Stoney Creek Pier	400,000	-0-	400,000	400,000	-0-
<b>TOTAL</b>	<b>\$11,665,000</b>	<b>\$ 4,270,000</b>	<b>\$7,270,000</b>	<b>\$11,540,000</b>	<b>\$ 125,000</b>

<sup>1</sup> The Town has total authorizations of \$30,750,000 for wastewater treatment plant and sewer station pump upgrades. The Town is financing the wastewater treatment plant upgrades through the State of Connecticut Clean Water Fund program and the pump station improvements through general obligation bonds and notes. The \$3,950,000 remaining borrowings authorized does not reflect the portion of the project to be funded through the Clean Water Fund Program.

<sup>2</sup> Including this issue, the Town has issued \$26,575,000 of \$26,577,000 borrowings authorized for this project. The Town had reduced the original authorization by \$2,000 in connection with the Town's 1997 Bond issue.

<sup>3</sup> Including this issue, the Town has issued \$3,615,000 of \$3,615,000 borrowings authorized for this project. The Town had reduced the original authorization by \$100,000 in connection with the July, 2000 note issue.

**School Projects**

Pursuant to Public Act No. 97-11, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. Debt service reimbursement will continue under the old program for all projects approved prior to July 1, 1996.

Under the old program, the State of Connecticut will reimburse the Town for principal and interest costs for eligible school construction projects over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund school projects. The Branford High School Renovation project included in this issue and in the Refunded Bonds component are reimbursed under the old reimbursement program.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during certain construction phases.

**Sources and Uses of Bond Proceeds**

Proceeds of the Bonds are to be applied as follows:

**Sources:**

Par Amount of the Bonds	\$23,770,000.00
Net Original Issue Premium	482,147.30
<b>Total Sources</b>	<b>\$24,252,147.30</b>

**Uses:**

Deposit to Advance Refunding Escrow	\$12,355,393.39
Deposit to Current Refunding Escrow	4,270,000.00
Deposit to Capital Project Fund	7,270,000.00
Underwriter's Discount	126,931.80
Premium to Town	52,587.17
Insurance Premium	52,000.00
Costs of Issuance	125,000.00
Additional Proceeds	234.94
<b>Total Uses</b>	<b>\$24,252,147.30</b>



## Optional Redemption

The Bonds maturing on or before May 15, 2011 are not subject to redemption prior to maturity. The Bonds maturing on May 15, 2012 and thereafter are subject to redemption prior to maturity, at the option of the Town, at any time in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption prices (expressed as a percentage of the par amount of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
May 15, 2011 to May 14, 2012	102%
May 15, 2012 to May 14, 2013	101%
May 15, 2013 and thereafter	100%

## Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty days prior to the date fixed for redemption to the registered owner of the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if such funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, each bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to Depository Trust Company (the "DTC"), or a successor securities depository, or DTC nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

## Bond Insurance

Concurrently with the issuance of the Bonds, *MBIA* Insurance Corporation, will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the Policy included as Appendix D to this Official Statement. See Appendix D - "Bond Insurance" herein.

## Security and Remedies

The Bonds will be general obligations of the Town of Branford, Connecticut, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues of the Town. The Town has the power under the Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling

houses of qualified elderly persons of low income taxable at limited amounts. There were no acres of such certified forest land on the last completed Grand List of the Town. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses. Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

**THE TOWN OF BRANFORD, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF  
PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

**BOOK-ENTRY ONLY TRANSFER SYSTEM**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee or such other name as may be requested by an authorized representative of DTC). One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange LLC, the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participant's accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC is the responsibility of the Town, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

## THE TOWN

Following in this Official Statement is a brief description of the Town, together with certain information concerning its economy, governmental organization, indebtedness, current major revenue sources, and general and specific funds.

### General Description

Branford was first settled in 1644 as part of the New Haven Colony and named in 1653. In 1958 it adopted a charter establishing the Selectmen, Board of Finance, Representative Town Meeting ("RTM") form of government. The charter was last amended in 1991. The Town covers an area of 27.9 square miles and is located in New Haven County approximately 85 miles east of New York City and 38 miles south of Hartford, Connecticut. It is bound on the north by the Town of North Branford, east by the Town of East Haven, south by Long Island Sound, and west by the Town of Guilford.

Branford is an established, suburban residential community with an extensive retail, commercial and industrial base. According to the 2000 U. S. Census Bureau, the Town's 2000 population is estimated at 28,683.

The Town of Branford supports and encourages a balance of industrial, commercial and residential properties and the Town's Economic Development Commission and Planning and Zoning Commission have worked together to reach this objective.

The Town is traversed by Interstate 95 and United States Route 1 (the Boston Post Road), and State Routes 139, 142, and 146. The central area of the Town is easily accessible from Interstate 95 and the nearby Interstate 91 junction. Air transportation is available at Tweed-New Haven, Bridgeport, Bradley International (Hartford), LaGuardia or Kennedy (New York) Airports with connections both nationally or internationally available. Rail transportation, via Shoreline East, Metro North, Amtrak and the Metroliner Service are presently available in Town; bus passenger transportation is provided by the Connecticut Department of Transportation via the Greater New Haven Transit District system. Freight service is furnished by various motor common carriers.

Branford has a diversified industrial base which includes manufacturers of a variety of products. Dana Corporation is the largest manufacturing company located in Town, and is the Town's largest taxpayer. Other major corporations include Quest Diagnostic Medical Labs, which is a medical technical facility; Neurogen Corporation and Curagen Corporation, biotechnology and medical research firms, which operate manufacturing and research facilities in Branford.

Because of Branford's close proximity to New Haven's Yale-New Haven Medical Center and St. Raphael's Hospital, which provide a total of 1,276 beds, the Town has over one hundred fifty area physicians that are also supplemented by the Visiting Nurse Association, which provides patient and child care programs. In 1980 Branford became the home of Connecticut Hospice, Inc., the nation's first Hospice. The 44 bed inpatient facility treats terminally ill patients and family, as well as providing an 18 town area home care program. The Town also has a 190 bed skilled nursing facility licensed by the State of Connecticut for medicaid and medicare beneficiaries offering in-patient and out-patient rehabilitation services. In addition, there is a 110 unit apartment complex for assisted living licensed by the State of Connecticut, and a 90 apartment congregate living center and retirement home.

### Economic Development

A project to revitalize the center of Town was completed in 1991. The project included new streets, a municipal parking lot and streetscape improvements to the Town center. The revitalization effort was a cooperative program between private property owners and the Town where owners agreed to improve facades and enlarge buildings and the Town agreed to provide the infrastructure improvements to benefit all merchants in the designated Town center. This program has greatly enhanced the central district area, which has further encouraged greater retail trade and business in that area.

In addition, over the past ten years the Town has developed over 1,000 acres of industrial zoned area that is directly adjacent to Interstate 95 and within easy access to industrial-rated utilities. The Town has completed an update of its comprehensive Plan of Conservation and Development to efficiently utilize the remaining 2,000 acres of undeveloped land in the Town. Of the 2,000 acres, approximately 500 acres are zoned for office and industrial use.

The Town has also completed a planned upgrade to various infrastructure improvements, including the construction of a new state-of-the-art police station, completed in 1995, and renovations to the Blackstone Library, completed in 1997. The RTM also authorized funding in the amount of \$26,577,000 for the High School Renovation and Code Compliance program, which was completed in 2001. In addition, the RTM authorized \$500,000 for a Technology Computer Upgrade program for the Branford Board of Education elementary schools, and \$1,400,000 for technology upgrade for the high school. In December 1996 the RTM authorized \$30,750,000 for the design and construction of a new wastewater treatment facility and upgrades to pumping and recovery systems. The Town received a funding commitment from the State of Connecticut Clean Water Fund to provide a loan/grant of \$26,000,000, the loan at a 2% interest rate, with the Town financing the balance of \$4,950,000 for required upgrades to existing pump and recovery systems with general obligation bonds.

Major financial institutions in the Town include Superior Savings Bank of New England, Citizens Bank of Commerce, The New Haven Savings Bank, First Union National Bank, Fleet Bank, People's Bank and Webster Bank.

### **Town Services**

**Police:** The Police Department provides full-time police protection, complete with the latest in crime prevention computer systems and a state-of-the-art computerized E911 communications center to serve all emergency agencies. The Police Department is under the supervision of the Board of Police Commissioners and directed by a full-time Chief of Police and Deputy Chief. The Police Department is manned by a staff of 63 professionals, including 2 detectives, 4 patrol lieutenants, 1 youth lieutenant, 6 sergeants and 28 patrolmen, 9 dispatchers, 1 dog warden, 2 domestic violence counselors, 1 mechanic, 6 clerks, 12 supernumeraries and 6 crossing guards. The Town has a revolving vehicle replacement program within its capital improvement program.

**Fire:** Fire protection is provided by twenty-two full-time firefighters, one full-time Fire Chief, one Assistant Chief of Training, one full-time Deputy Fire Marshal, and four Deputy Fire Chiefs. The department provides 24 hour service that includes paramedic service. There are nine volunteer fire companies that are manned 24 hours a day with one hundred volunteers, with two volunteer Assistant Chiefs and one volunteer Deputy Chief. The department has six pumpers, one aerial truck, one ladder truck, one rescue vehicle, one emergency van, two brush trucks, two fire boats and three ambulances. All company dispatchers are accessible through the E911 system administered by the Police Department. The fire department was recently computerized and has adopted a twenty-year fire apparatus replacement program.

**Public Works and Engineering:** The Public Works Department provides the Town with professional, technical service oriented activities which are necessary to operate and service the community. The Public Works Department maintains over one hundred miles of roads in Town. Substantial major public improvements of an ongoing nature are provided by the Public Works Department. The Public Works Department is also responsible for a paving and road repair program in which approximately five miles of road serviced annually through general fund appropriations.

**Water Pollution Control Authority:** The Authority oversees sanitary sewer operations in Town including the renovation and installation of sanitary facilities to new and older developments in Town. The Authority has the power to enact user charges and assessment fees to owners benefiting from the system.

The sanitary sewage system, constructed in 1961, consists of a sewage treatment facility, an interceptor line and laterals serving the central business district and surrounding areas. The system serves approximately 90% of the existing commercial and industrial areas of Town and almost 85% of the residences, including all apartments and condominiums. The plant capacity is 4.5 million gallons per day with current flow at approximately 4.1 million gallons per day. The Town also provides service to a portion of North Branford. All areas along Branford's shoreline are sewered with the exception of the Stony Creek - Thimble Island areas, which have strict sanitary sewer requirements approved by the Town and the State Department of Environmental Protection.

The Town built a new sewer facility which will be funded through a combination of State of Connecticut Clean Water Fund grants and 2% loans. In addition, upgrades to existing pump and recovery systems has required the Town to provide approximately \$4,750,000 in funding during the 1999-2001 time period.

**Parks and Recreation:** The Branford Recreation Department provides and maintains Sliney School Park, Parker Memorial Park, Foote Park, Supply Pond Park, Pisgah Brook, and Youngs Pond Park. There are approximately 3,500 acres, or approximately 25% of total Town land, that is dedicated as open space for its residents, consisting of approximately 1,500 acres of Town-owned land, 1,000 acres of water authority land, 500 acres of land trust property, and one parcel for wildlife reserve. In total, the Town has ten parks, one golf course and fifty tennis courts. The Town sponsors special events, provides programs for special interest groups of all ages, assists community groups in planning recreational activities, conducts workshops, clinics, special playgrounds and camps during the summer, provides lifeguards and beach constables for the waterfront facilities, and offers a wide variety of programs such as softball, tennis, aerobics fitness, indoor and outdoor volleyball, basketball, skiing, and after-school programs for youngsters. There are four yacht clubs and fifteen marinas in Branford providing moorings for approximately one thousand boats. The Town recently completed a parks revitalization project that provided new equipment and improved grounds at nine (9) Town parks. The \$579,000 project was partially funded by a State grant.

**Solid Waste:** The Town owns and operates a transfer station and recycling center, which accepts almost any material generated in Branford, except hazardous wastes or large quantities of construction/demolition materials, for disposal or recycling at out-of-town facilities. The Town is a member of the Bristol Resource Recovery Facility Operating Committee. Garbage is transported to that facility as part of a long-term contract. The Town also operates a leaf compost site, and owns and manages a bulky waste landfill which accepts sewer sludge from the Town and contaminated soils from the region which are mixed to use as landfill cover. The Town provides collection of garbage and recyclables for single family homes through private haulers. Rebates toward garbage and recycling collection costs are provided for condominium associations.

**Library:** The Town has two libraries available for use by its citizens: The Willoughby Wallace Library, which is fully funded and operated by the Town, and the James Blackstone Memorial Library, which is partially funded by the Town and is governed by a private Board of Directors. Both facilities are staffed by full and part-time professional staff, and include over 100,000 volumes for public use. Extensive use is made of computer data retrieval technologies, including CD-ROMS and Internet access. Both libraries are members of the Statewide LION reference system.

**Planning and Zoning Commission:** The Town has a combined Planning and Zoning Commission, working with the Director of Public Works and Town Engineer, whose duties are to guide, control and approve all design work and site development to conform with the Town and State Codes.

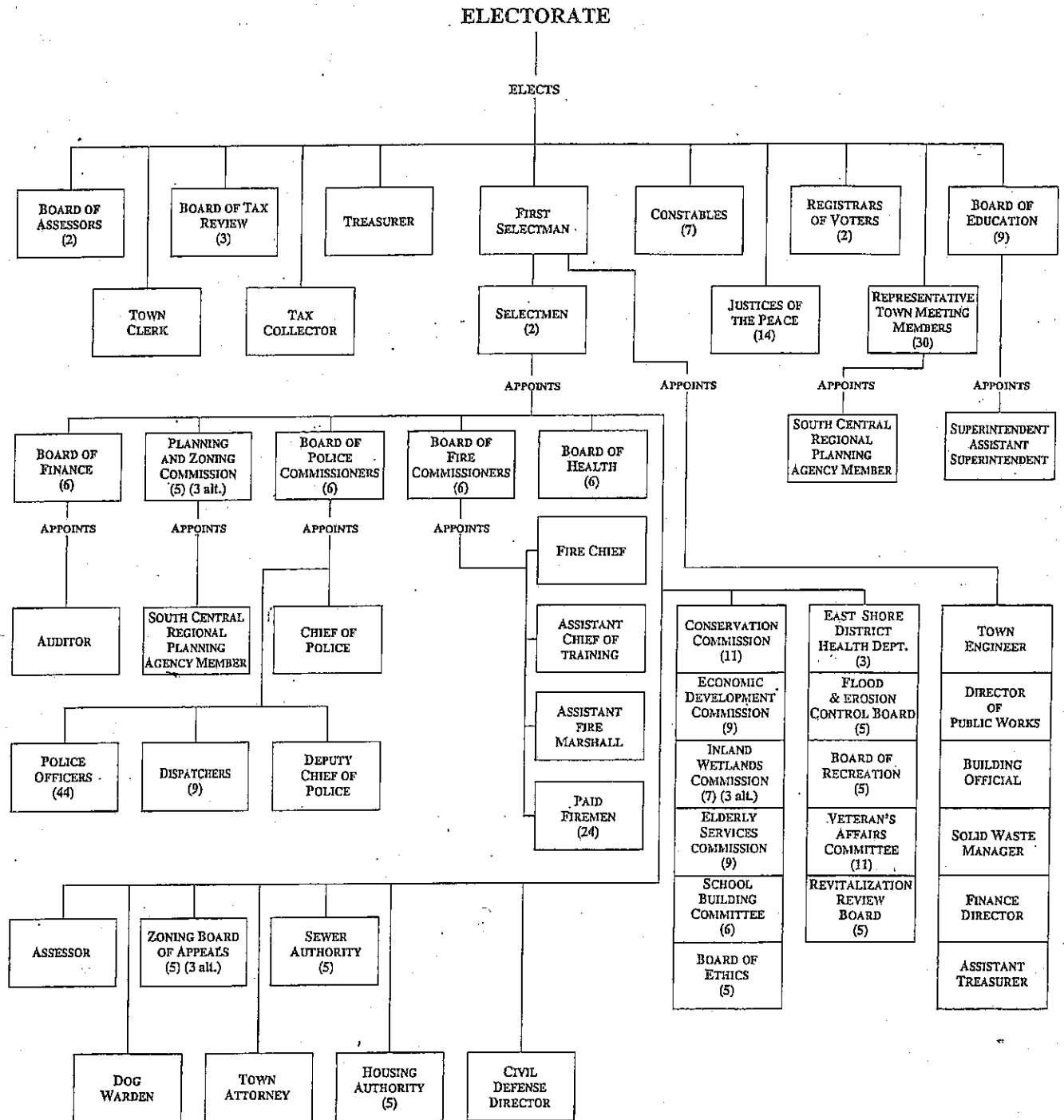
**Education:** An elected nine member Board of Education is responsible for the operation of the six Branford Public Schools. The Town of Branford Public School system provides comprehensive educational programs to students in grades pre-kindergarten through grade twelve. It also provides a wide range of adult education courses to numerous and varied segments of the community.

The grade structure of the public school system is pre-kindergarten through grade 4, grades 5 through 8 (intermediate school), and grades 9 through 12 for high school. A complete program of basic skills is offered to all students. The public schools also offer comprehensive special education courses. In addition, there is a wide variety of extracurricular activities including sports.

**Water:** The South Central Connecticut Regional Water Authority was created by Special Act 78-24 of the Connecticut General Assembly. The Authority acquired the New Haven Water Company and provides water services to the Town of Branford and the New Haven Region. Under the legislation creating the Authority, the Authority is required to pay the Town an annual payment in lieu of taxes (PILOT) for Water Authority property within the Town boundaries. The assessed value of the Authority's property in Branford is \$7,542,651 on the Grand List of 10/01/99, generating a PILOT payment of \$197,542 for fiscal year 2000-01.

**Electric:** The Town is served by the Connecticut Light and Power Company, a publicly owned utility.

# Table of Organization



## Town Organization

Branford is administered by a First Selectman, who acts as the Chief Administrative Officer, a Board of Selectmen, a Representative Town Meeting ("RTM"), and a six member Board of Finance that constitute the Selectmen/Board of Finance/RTM form of government.

General Town elections are held on the first Tuesday after the first Monday in November of each odd numbered year to elect the Board of Selectmen, Town Treasurer, Tax Collector, Town Clerk, and members of the RTM. Their terms of office are for two years.

The RTM is made up of thirty elected members representing five voting districts. The members of the RTM choose one of their members to be Moderator of the RTM, who presides over all its meetings.

The legislative power of the Town is vested exclusively in the RTM, except as otherwise provided for by the electors. The RTM has the power to enact, amend, or repeal ordinances not inconsistent with the Charter or the General Statutes of the State. The electors have the power to approve or reject an ordinance by referendum, as provided in the Charter. The Board of Finance prepares the annual budget for recommendation to the RTM and sets the mill rate, as prescribed by Town Charter.

### Town Officials

The current Town Officials are:

	<u>Selection</u>	<u>Term Expires</u>	<u>Years of Service</u>
Anthony J. DaRos - First Selectman	Elected	11/01	4.0
Francis W. Walsh, Jr. - Selectman	Elected	11/01	4.0
Jason B. Vincent - Selectman	Elected	11/01	2.0
Georgette A. Laske - Town Clerk	Elected	1/02	10.5
Mary Baughman - Tax Collector	Elected	11/01	4.0
Edward J. Zack, Jr. - Treasurer	Elected	11/01	4.0
Penelope I. Bellamy - Town Attorney	Appointed	11/01	3.5
Donald E. Jackson - Board of Finance Chairman	Appointed	7/01	26.5
Barbara Neal - Assessor	Appointed	Indefinite	.1
Dr. Bruce E. Storm - Superintendent of Schools	Appointed	9/02	8.0
James P. Finch - Director of Finance	Appointed	Indefinite	3.0
Scully & Wolf, LLP - Independent Auditors	Appointed	Indefinite	4.0
Independent Bond and Investment Consultants LLC - Financial Advisors	Appointed	Indefinite	7.0

Source: Town of Branford.



## Education

An elected nine member Board of Education is responsible for the operation of the six Branford Public Schools. The Town of Branford Public School system provides comprehensive educational programs to students in grades pre-kindergarten through grade twelve. It also provides a wide range of adult education courses as part of a regional collaboration to numerous and varied segments of the community.

The grade structure of the public school system is pre-kindergarten and special education; kindergarten through grade 4; grades 5 through 8 (intermediate school); and grades 9 through 12 for high school. A complete program of basic skills is offered to all students. The public schools also offer comprehensive special education services. In addition, there is a wide variety of extracurricular activities including sports.

### School Facilities

<u>School</u>	<u>Grades</u>	<u>Date of Construction (Additions, Remodeling)</u>	<u>No. of Classrooms</u>	<u>October 1, 2000 Enrollment</u>	<u>Capacity</u>
Indian Neck	EYP <sup>1</sup>	1950	4	18	200
Mary T. Murphy	K-4	1960 (1991)	22	519	500
Mary R. Tisko	K-4	1960 (1991)	22	490	500
John B. Sliney	K-4	1928 (1979)	23	437	500
Branford Intermediate	5-8	1972	74 <sup>2</sup>	1,217	1,500
Branford High School	9-12	1958 (1964, 70, 82, 95, 99)	62	1,103	1,400
Totals <sup>3</sup>			207	3,784	4,600

<sup>1</sup> Early Years Program (EYP), Family Resource Center, and School-Age Child Care Program.

<sup>2</sup> This school is an open-plan facility. The number of classrooms listed is a conversion from the open-plan to the approximate number of teaching stations.

<sup>3</sup> Includes Pre-kindergarten students and special education; does not include tuition and non-graded students.

Source: Central Administration - Branford Board of Education.

### School Enrollment

The following table presents school enrollment history.

<u>As of October 1</u>	<u>PK-4</u>	<u>5-8</u>	<u>9-12</u>	<u>Total<sup>1</sup></u>
1990-91	1,323	917	852	3,092
1991-92	1,393	951	862	3,206
1992-93	1,463	982	912	3,357
1993-94	1,520	1,017	912	3,449
1994-95	1,549	1,054	959	3,562
1995-96	1,548	1,111	951	3,610
1996-97	1,558	1,163	977	3,698
1997-98	1,532	1,150	969	3,651
1998-99	1,547	1,170	997	3,714
1999-00	1,491	1,232	1,032	3,755
2000-01	1,464	1,217	1,103	3,784
<u>Projected Enrollment</u>				
2001-02	1,459	1,222	1,109	3,790
2002-03	1,371	1,226	1,129	3,726
2003-04	1,321	1,193	1,174	3,688
2004-05	1,295	1,160	1,159	3,614

<sup>1</sup> Includes Pre-kindergarten students and special education; does not include tuition and non-graded students.

Source: Central Administration - Branford Board of Education and State of Connecticut Department of Education.

## Town Employees

Following is a breakdown by category of Town and Board of Education full time employees as of May 15, 2001:

<u>Department</u>	<u>Employees</u>
<u>General Government</u>	
Administration	35
Police	57
Public works	17
Counseling center	15
Fire department	29
Library	1
Recreation	6
Engineering and buildings	4
Elderly commission	4
Water pollution control	9
Welfare	<u>1</u>
Total General Government	<u>178</u>
<u>Board of Education</u>	
Administration and Principals	17
Teachers	301
Other	<u>178</u>
Total Board of Education	<u>496</u>
Total Town Employees	<u>674</u>

Source: Town Officials

The following table reflects full time Town employment for the current and past nine fiscal years:

<u>Fiscal Year</u>	<u>General Government</u>	<u>Board of Education</u>	<u>Total</u>
2001	178	496	674
2000	199	494	693
1999	195	492	687
1998	215	484	699
1997	214	474	688
1996	213	455	668
1995	207	425	632
1994	208	414	622
1993	207	407	614
1992	206	406	612

Source: Town Officials

## ECONOMIC AND DEMOGRAPHIC DATA

### Population Trends

<u>Year</u>	<u>Town of Branford</u>	<u>New Haven County</u>	<u>State of Connecticut</u>
1960	16,610	660,315	2,535,234
1970	20,444	744,948	3,032,217
1980	23,363	761,337	3,107,576
1990	27,603	804,219	3,287,116
2000	28,683	824,008	3,405,565

Source: U.S. Department of Commerce, Bureau of Census, State of Connecticut, Department of Health Services.

### Selected Wealth and Income Indicators

Median family income, and, as available, per capita income statistics are provided for the Town, New Haven County, the State, and the United States.

	<u>Median Family Income (1980)</u>	<u>Median Family Income (1990)</u>	<u>Per Capita Income (1990)</u>
Town of Branford	\$22,903	\$51,710	\$22,642
New Haven County	26,598	46,058	17,666
Connecticut	23,151	49,199	20,189
United States	19,908	35,225	14,420

Source: U.S. Department of Commerce, Bureau of Census.

### Population Age Distribution

<u>Age</u>	<u>Town of Branford</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	1,715	6.3	228,356	6.9
5 - 17	3,563	12.9	521,225	15.9
18 - 24	2,318	8.4	345,433	10.5
25 - 44	10,079	36.5	1,094,878	33.3
45 - 64	5,747	20.8	651,317	19.8
65 and over	4,181	15.1	445,907	13.6
Total	27,603	100.0	3,287,116	100.0

Source: U.S. Department of Commerce, Bureau of Census, 1990.

### Income Distribution

	<u>Town of Branford</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ 0 to 4,999	84	1.1	16,529	1.9
5,000 to 9,999	183	2.5	26,922	3.1
10,000 to 14,999	215	2.9	30,616	3.5
15,000 to 24,999	540	7.2	86,110	9.9
25,000 to 34,999	1,027	13.8	108,076	12.4
35,000 to 49,999	1,492	20.0	176,426	20.2
50,000 to 74,999	2,255	30.2	227,054	26.0
75,000 to 99,999	805	10.8	100,097	11.5
100,000 to 149,999	575	7.7	61,355	7.0
150,000 or more	283	3.8	39,026	4.5
	7,459	100.0	872,211	100.0

Source: U.S. Department of Commerce, Bureau of Census, 1990.

## Educational Attainment

(Years of School Completed Age 25 and Over)

<u>Years Completed</u>	<u>Town of Branford</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	947	4.7	185,213	8.4
9th to 12th grade	1,867	9.3	271,995	12.4
High School graduate	5,874	29.2	648,366	29.5
Some college, no degree	3,227	16.1	350,418	15.9
Associate's degree	1,607	8.0	145,278	6.6
Bachelor's degree	3,885	19.4	356,289	16.2
Graduate or professional degree	2,660	13.3	241,404	11.0
Total	20,067	100.0	2,198,963	100.0

Source: U.S. Department of Commerce, Bureau of Census, 1990.

## Employment by Industry

<u>Employment Sector</u>	<u>Town of Branford</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u> <sup>1</sup>	<u>Percent</u>
Agriculture, forestry, fisheries, mining	142	0.9	22,578	1.3
Construction	995	6.3	99,110	5.9
Manufacturing (Durable goods)	1,670	10.6	248,945	14.7
Manufacturing (Nondurable goods)	840	5.3	97,607	5.8
Non-manufacturing				
Transp/Comm/Public Utilities	1,239	7.8	100,658	5.9
Wholesale Trade	660	4.2	70,375	4.2
Retail Trade	2,614	16.5	260,829	15.4
Finance, Insurance & Real Estate	1,293	8.2	176,421	10.4
Service (including nonprofit)	5,904	37.3	553,865	32.7
Government	464	2.9	62,486	3.7
Total	15,821	100.0	1,692,874	100.0

<sup>1</sup> Industry subdivisions may not sum to higher level industry totals due to rounding.

Source: U. S. Department of Census, Connecticut Department of Labor, Office of Research, 1990.

## Number of Dwelling Units

<u>1997</u> <sup>2</sup>	<u>1995</u> <sup>1</sup>	<u>1990</u> <sup>2</sup>	<u>1980</u>	<u>% Change</u> <u>1980-1997</u>
13,576	13,451	13,056	9,082	49.50%

<sup>1</sup> Building Department, Town of Branford

<sup>2</sup> Connecticut Department of Housing

Source: U.S. Department of Commerce, Bureau of the Census

## Major Employers

The following table sets forth the name and estimated number of persons employed within the Town by the major employers located within the Town:

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Estimated Number Of Employees</u>
Town of Branford	Municipal government	674
Dana Corporation <sup>1</sup>	Manufacturing	350
Branford Hospice	Health Care facility	330
Branford Hills Health Care	Nursing Home/Elderly care	305
Seton Name Plate	Manufacturing	270
Wal-Mart	Retail store	250
Neurogen Corporation	Biotechnology	175
Lester Telemarketing	Telemarketing	150
Turbine Components	Manufacturing	130
Blakeslee Prestress	Construction/Manufacturing	130
Kohls	Retail store	130
Harco Labs	Environmental	120
Atlantic Wire	Manufacturing	80
Total		<u>3,094</u>

<sup>1</sup> Formerly Echlin Corporation.

Source: Town of Branford.

## Unemployment Rate Statistics

The following table presents unemployment rates for the Town, the New Haven Labor Market, the State, and for the United States:

<u>Yearly Average</u>	<u>Town of Branford</u>	<u>New Haven Labor Market</u>	<u>State of Connecticut</u>	<u>United States</u>
2000	2.0%	2.3%	2.3%	4.0%
1999	2.6	3.1	3.2	4.2
1998	2.9	3.3	3.4	4.5
1997	4.3	5.2	5.1	4.9
1996	4.8	5.8	5.7	5.4
1995	4.5	5.5	5.5	5.6
1994	4.8	5.5	5.6	6.1
1993	5.2	6.0	6.2	6.8
1992	6.4	6.6	7.5	7.4
1991	5.7	6.4	6.7	6.7
1990	4.2	4.9	5.1	5.5
2001 Monthly				
January	2.1	2.3	1.9	4.2
February	2.3	2.5	1.9	4.2
March	1.8	2.1	1.9	4.3

Source: State of Connecticut, Department of Labor, United States Department of Labor, Bureau of Labor Statistics.

# Building Permits

(Assessed Value)

Calendar Year Ending	Single Family		Two Family		Commercial/ Industrial		Apartments/ Condominiums		Total Value <sup>2</sup>	
12/31	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
2001 <sup>1</sup>	13	\$2,868,000	1	\$115,000	2	\$ 115,000	-0-	-0-	340	\$ 8,750,724
2000	26	4,173,800	6	1,290,000	8	2,648,000	-0-	-0-	3,954	24,466,310
1999	48	6,157,615	3	244,960	3	370,000	-0-	-0-	3,831	20,755,722
1998	39	4,116,900	1	82,400	5	4,557,426	-0-	-0-	3,910	24,157,777
1997	37	3,865,520	5	415,480	6	2,595,718	-0-	-0-	3,469	24,612,256
1996	48	4,394,120	4	422,180	1	4,835,000	-0-	-0-	3,625	15,185,966
1995	49	4,554,960	4	387,520	1	2,837,937	-0-	-0-	4,197	16,205,313
1994	67	7,828,770	-0-	-0-	4	754,000	46	1,818,020	4,653	19,588,077
1993	80	5,982,690	3	201,000	1	250,000	-0-	-0-	3,916	14,018,269
1992	77	5,852,555	1	152,500	3	1,209,000	1	900,000	3,692	13,323,805

<sup>1</sup> As of April 1, 2001.

<sup>2</sup> Includes miscellaneous permits.

Source: Building Department, Town of Branford.

## Retail Sales By Type of Business

(Calendar Year)

	1999	1998	1997	1996	1995
<b>Retail Stores</b>					
Hardware	\$ 15,426,881	\$ 13,871,714	\$ 10,422,744	\$ 6,563,725	\$ 5,948,940
General Merchandise	625,316	704,009	715,113	748,935	1,479,402
Food Products	12,162,141	13,360,926	12,751,414	12,099,036	16,407,553
Automotive Products	102,685,407	97,494,415	99,108,487	84,875,830	74,885,024
Apparel & Accessory	3,080,902	2,603,212	3,033,542	4,282,931	7,081,061
Home Furn. & Appl.	8,753,794	18,210,803	11,358,566	12,445,443	16,515,416
Eating & Drinking Est.	67,390,391	60,122,575	55,837,209	54,449,103	50,116,187
Misc. Shopping Stores	<u>297,032,971</u>	<u>243,071,337</u>	<u>236,280,529</u>	<u>202,307,071</u>	<u>196,305,632</u>
Subtotal (Retail Stores)	<u>507,157,803</u>	<u>449,438,991</u>	<u>429,507,604</u>	<u>377,772,074</u>	<u>368,739,215</u>
All Other Outlets	<u>230,038,439</u>	<u>204,298,713</u>	<u>199,990,896</u>	<u>188,728,614</u>	<u>200,937,401</u>
Total All Outlets	<u>\$737,196,242</u>	<u>\$653,737,704</u>	<u>\$629,498,500</u>	<u>\$566,500,688</u>	<u>\$569,676,616</u>

Source: Department of Revenue Services, State of Connecticut

**TOWN INDEBTEDNESS  
PRO FORMA  
AS OF MAY 15, 2001**

**Computation of Statutory Debt Limit and Debt Margin**

The following table sets forth the computation of the statutory debt limit of the Town and the debt incurring margin as of May 15, 2001, adjusted to give effect to this financing:

Total Fiscal Year 2000 tax collections (including interest and lien fees)	\$49,810,270
Total tax collections of coterminous municipalities (including interest and lien fees)	994,408
State Reimbursement for Revenue Loss for Tax Relief for the Elderly	<u>28,634</u>
Base for Establishing Debt Limit	<u>\$50,833,312</u>

**Debt Limit <sup>(1)</sup>**

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Past Pension	Total Debt
General Purpose (2.25 times base)	\$114,374,952					
Schools (4.50 times base)		\$228,749,904				
Sewers (3.75 times base)			\$190,624,920			
Urban Renewal (3.25 times base)				\$165,208,264		
Unfunded Past Pension (3.00 times base)					\$152,499,936	
Total Debt (7.00 times base)						\$355,833,184
<b>Indebtedness (Including the Bonds)</b>						
Bonds Payable	\$ 5,350,000	\$ 26,909,000	\$ 4,248,112	\$ -0-	\$ -0-	\$ 36,507,112
The Capital Project and New Money Bonds (This Issue)	4,165,000	2,250,000	5,125,000	-0-	-0-	11,540,000
The Refunding Bonds (This Issue)	4,035,000	8,195,000	-0-	-0-	-0-	12,230,000
The Refunded Bonds	( 3,925,000)	( 8,000,000)	-0-	-0-	-0-	(11,925,000)
State of Connecticut IFO <sup>(2)</sup>	-0-	-0-	21,993,027	-0-	-0-	21,993,027
Outstanding Notes <sup>(3)</sup>	-0-	-0-	-0-	-0-	-0-	-0-
Authorized but Unissued Debt	-0-	-0-	2,669,309	-0-	-0-	2,669,307
Total Indebtedness	<u>9,625,000</u>	<u>29,354,000</u>	<u>34,035,446</u>	<u>-0-</u>	<u>-0-</u>	<u>73,014,446</u>
Sewer Assessments			( 3,132,280) <sup>(5)</sup>	-0-	-0-	( 3,132,280)
School grants receivable	-0-	( 9,868,874) <sup>(6)</sup>	-0-	-0-	-0-	( 9,868,874)
Net Total Indebtedness	<u>9,625,000</u>	<u>19,485,126</u>	<u>30,903,166</u>	<u>-0-</u>	<u>-0-</u>	<u>60,013,292</u>
Excess of Limit Over Outstanding and Authorized Debt	<u>\$104,749,952</u>	<u>\$209,264,778</u>	<u>\$159,721,754</u>	<u>\$165,208,264</u>	<u>\$152,499,936</u>	<u>\$295,819,892</u>

<sup>(1)</sup> Under Connecticut General Statutes, municipalities shall not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness to exceed \$355,833,184.

<sup>(2)</sup> Does not include \$436,000 water debt excluded by Connecticut General Statute.

<sup>(3)</sup> Under the State of Connecticut Clean Water Program the Town has Authorized \$21,993,027 in Interim Financing Obligations in which the Town has drawn down \$10,796,906 as of 3/30/01.

<sup>(4)</sup> Does not include \$4,270,000 Bond Anticipation Notes maturing July 25, 2001, to be currently refunded from proceeds of the Capital Project Bonds.

<sup>(5)</sup> Sewer assessments to be received over a period of years defined by agreement.

<sup>(6)</sup> State of Connecticut School building grants receivable on eligible principal portions of school bonds to be received over the life of the bonds.

## Calculation of Net Direct Indebtedness

The following table sets forth all outstanding indebtedness of the Town, as of May 15, 2001, less applicable exclusions:

### Indebtedness <sup>1</sup>

#### Bonded Debt

General Purpose	\$ 5,350,000
Schools	26,909,000
The Capital Project and New Money Bonds ( <i>This Issue</i> )	11,540,000
The Refunding Bonds ( <i>This Issue</i> )	12,230,000
The Refunded Bonds	(11,925,000)
Urban Renewal	-0-
Sewers	<u>4,248,112</u>

**Total Bonded Indebtedness** 48,352,112

#### Short-Term Indebtedness

State of Connecticut Clean Water Fund IFO	21,993,027
Short-Term Debt	<u>-0-</u>

**Gross Direct Indebtedness** 70,345,139

#### Exclusions:

Sewer and Water assessments receivable <sup>2</sup>	( 3,132,280)
State school building aid receivable <sup>3</sup>	<u>( 9,868,874)</u>

**Total Net Direct Indebtedness** \$57,343,985

<sup>1</sup> Does not include authorized but unissued sewer debt of \$14,057,943 estimated to be financed by a combination of general obligations bonds and State of Connecticut Grants and Clean Water Fund Loans.

<sup>2</sup> Sewer and water assessments receivable to be received over a period of years defined by agreements.

<sup>3</sup> Anticipated State grants for outstanding school bond issues to be paid over the term of each issue.

## History of Outstanding Indebtedness

The following table sets forth the total long-term bonded indebtedness and short-term indebtedness outstanding at the end of each of the fiscal years 1991-2000:

<u>Fiscal Year</u> <u>Ended 6/30</u>	<u>Short-Term</u> <u>Debt</u>	<u>Long-Term</u> <u>Debt</u>	<u>Total Debt</u>
2000	\$ 4,020,000	\$39,288,251	\$43,308,251
1999	1,120,151	42,177,130	43,297,281
1998	873,470	46,314,381	47,187,851
1997	1,111,390	32,920,000	34,031,390
1996	6,530,710	20,322,000	26,852,710
1995	4,453,792	22,770,000	27,223,792
1994	2,225,619	25,255,000	27,480,619
1993	2,709,000	27,825,000	30,534,000
1992	3,263,000	30,395,000	33,658,000
1991	3,508,000	33,165,000	36,673,000



### Outstanding Short-Term Indebtedness

As of May 15, 2001, the Town has \$4,270,000 in bond anticipation notes maturing July 25, 2001 which will be currently refunded by the Capital Project Bonds.

### Underlying Indebtedness

Apart from the Town, other political subdivisions with power to issue debt or cause taxes to be levied on taxable property in the Town are numerous associations. There is no outstanding indebtedness of these districts as of May 15, 2001.

### Debt Ratios

The following table sets forth certain ratios relating to the Town's indebtedness as of May 15, 2001

	<u>Amount of Indebtedness</u>	<u>Per Capita (a)</u>	<u>Percentage Of Full Valuation (b)</u>
Gross Direct Indebtedness (c,d)	\$70,345,139	\$2,452.50	2.56%
Total Net Direct Indebtedness (c,d)	\$57,343,985	\$1,999.23	2.09%

#### Notes:

- (a) The Town's 2000 population is estimated at 28,683. (See "Population Trends" herein.)
  - (b) The October 1, 1999 estimated Equalized Net Grand List, i.e. estimated full valuation of taxable property, as developed by the State of Connecticut, Office of Policy and Management, was \$2,747,220,816.
  - (c) See "Calculation of Net Direct Indebtedness" herein. For purposes of ratio analysis, net direct indebtedness includes grants receivable.
  - (d) Excludes Refunded Bonds.
-

# COMBINED SCHEDULE OF BONDED DEBT THROUGH MATURITY

AS OF

MAY 15, 2001

Fiscal Year	Existing Debt			Principal The Bonds	Principal Refunded Bonds	Total All Principal <sup>(3)</sup>
	Principal Payments <sup>(1,2)</sup>	Interest Payments <sup>(1)</sup>	Total Debt Service <sup>(1)</sup>			
2000-01	\$3,384,102	\$2,046,647	\$5,430,749	\$ -0-	\$ -0-	\$3,384,102
2001-02	3,670,497	1,836,948	5,507,445	1,380,000	( 825,000)	4,225,497
2002-03	3,386,920	1,614,200	5,001,120	1,140,000	( 825,000)	3,710,920
2003-04	2,758,372	1,438,001	4,196,373	1,440,000	( 825,000)	3,373,372
2004-05	2,824,853	1,301,785	4,126,638	1,450,000	( 800,000)	3,474,853
2005-06	2,841,364	1,163,628	4,004,992	1,595,000	( 800,000)	3,636,364
2006-07	2,777,905	1,023,845	3,801,750	1,615,000	( 800,000)	3,592,905
2007-08	2,734,477	884,873	3,619,350	1,610,000	( 800,000)	3,544,477
2008-09	2,141,081	745,310	2,886,391	1,535,000	( 725,000)	2,951,081
2009-10	1,642,718	632,336	2,275,054	1,540,000	( 725,000)	2,457,718
2010-11	1,644,386	552,625	2,197,011	1,540,000	( 725,000)	2,459,386
2011-12	1,746,091	471,699	2,217,790	1,635,000	( 825,000)	2,556,091
2012-13	1,710,105	384,204	2,094,309	1,640,000	( 825,000)	2,525,105
2013-14	1,698,068	298,291	1,996,359	1,640,000	( 825,000)	2,513,068
2014-15	1,699,543	212,266	1,911,809	1,645,000	( 825,000)	2,519,543
2015-16	1,651,047	126,212	1,777,259	710,000	( 775,000)	1,586,047
2016-17	877,582	42,827	920,409	710,000	-0-	1,587,582
2017-18	79,147	1,262	80,409	635,000	-0-	714,147
2018-19	<u>20,037</u>	<u>730</u>	<u>20,767</u>	<u>310,000</u>	<u>-0-</u>	<u>330,037</u>
	<u>\$39,288,295</u>	<u>\$14,777,689</u>	<u>\$54,065,984</u>	<u>\$23,770,000</u>	<u>(\$11,925,000)</u>	<u>\$51,133,295</u>

(1) Includes Refunded Bonds, Excludes Refunding Bonds.

(2) Does not reflect principal payments of \$ 2,097,489 made by the Town between July 1, 2000 and May 15, 2001.

(3) Excludes Refunded Bonds, Includes Refunding Bonds.

Source: Town of Branford.

## TOWN FINANCIAL DATA

The Town's finances are operated primarily through the General Fund. All property taxes and most other revenues are paid into General Fund and all current operating expenditures are paid from it. The Town also utilizes the following funds: Capital Projects Fund, Special Revenue Fund, Trust and Agency Fund and Pension Trust Funds. Major capital improvement projects are financed by the issuance of bonds and bond anticipation notes. The Town's fiscal year begins July 1 and ends June 30. Financial statements of the Town are included in "Financial Statements" in Appendix A herein.

### Revenues

The Town derives its revenues from a direct tax levy on property, State and Federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 1996-00 in "Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

### Property Tax

The Town derived the following percentage of its annual revenues from the direct property tax:

<u>Fiscal Year</u>	<u>Percentage</u>
1993-94	85.19%
1994-95	83.99
1995-96	85.45
1996-97	84.14
1997-98	83.19
1998-99	82.65
1999-00	82.26
2000-01 (Adopted Budget)	86.24

### Real Property Tax Collection Procedure

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, July 1, and January 1. Payments not received one month after the due date become delinquent.

According to the provisions of Public Act No. 82-141, effective July 1, 1982, and applicable to property taxes due on or after said date, delinquent property taxes are subject to the interest rate to 1.5% per month. Real estate is lienied for delinquent taxes within one year after the tax due date.

## Real Property Tax Levies and Collections

The following table sets forth the amount of annual property tax levy and the tax collection record of the Town for fiscal years 1992 through 2000, and as budgeted for fiscal year 2001:

FY Ending 6/30	Net Taxable Grand List <sup>1,3</sup>	Tax Rate (In Mills)	Total Adjusted Tax Levy	% Collected End of Each FY <sup>2</sup>	Uncollected End of Each FY	Uncollected As of 06/30/00
2001	\$2,007,936,691	26.19	\$52,596,956	In Process	In Process	In Process
2000	1,975,365,731	24.89	49,166,853	97.5%	1,246,810	\$1,246,810
1999	1,943,218,181	23.53	45,723,924	97.7	1,017,740	591,038
1998	1,925,893,829	22.56	43,475,762	97.6	1,036,128	409,958
1997	1,917,503,754	22.19	42,669,728	96.9	1,345,064	349,896
1996	1,885,553,785	21.80	41,108,022	97.5	1,027,701	127,796
1995	1,858,503,182	21.40	39,771,965	97.5	969,176	61,370
1994	1,831,273,927	20.30	37,154,356	96.8	1,189,076	41,459
1993	1,818,054,755	20.60	37,464,344	95.9	1,551,966	29,678
1992	885,968,501	36.75	32,694,439	95.7	1,421,175	9,841

<sup>1</sup> The latest revaluation was effective October 1, 1991. All real estate assessments are based on 70% of fair market value as of October 1, 1991. Personal property and motor vehicles are based upon 70% of current market value and are revalued annually. Supplemental Motor Vehicle assessments are not included.

<sup>2</sup> Taxes for each fiscal year are levied on the Grand List of October 1, payable in equal semi-annual installments on July 1 and January 1. If the first installment is not paid by August 1, the tax becomes delinquent and a penalty of 1.5% per month (18% annually) is charged from the due date of the tax. Real estate is liened for delinquent taxes within one year after the due date. The amount collected to the end of each fiscal year represents collections of twelve months.

<sup>3</sup> The Town expects to implement revaluation effective the October 1, 2001 Grand List.

Source: Tax Collector's Office, Town of Branford.

## Taxable Grand List

The following table sets forth the Town's taxable Grand List by component, for the period October 1, 1990 through October 1, 1999.

Grand List Dated	(%) Real Estate Property	(%) Industrial & Commercial Property	(%) Land	(%) Motor Vehicles	(%) Personal Property	Gross Taxable Grand List	Exemptions	Net Taxable <sup>1</sup> Grand List
10/1/99	66.4 <sup>2</sup>	17.8	1.6	8.7	5.5	\$2,041,216,013	\$33,279,322	\$2,007,936,691
10/1/98	67.1 <sup>2</sup>	17.8	1.6	8.1	5.3	2,008,649,050	33,283,319	1,975,365,731
10/1/97	41.7	12.3	33.3	7.8	4.8	1,974,371,595	31,153,414	1,943,218,181
10/1/96	41.5	12.3	34.0	7.5	4.7	1,950,953,988	25,057,159	1,925,893,829
10/1/95	41.7	12.1	34.1	7.6	4.5	1,940,084,844	22,511,090	1,917,573,754
10/1/94	42.0	12.4	34.7	6.7	4.2	1,906,300,105	20,766,320	1,885,533,785
10/1/93	41.7	12.6	35.4	6.2	4.1	1,876,604,488	18,101,306	1,858,503,182
10/1/92	41.8	13.2	35.5	5.3	4.2	1,844,324,257	13,050,330	1,831,273,927
10/1/91	41.4	13.3	35.9	5.0	4.4	1,828,793,525	10,738,770	1,818,054,755
10/1/90	45.7	13.5	20.5	10.9	9.4	890,615,121	4,646,620	885,968,501

<sup>1</sup> The latest revaluation was effective October 1, 1991 as described above.

<sup>2</sup> The State of Connecticut changed the reporting location of land in the grand list from land category to the real estate property category.

Source: Assessor's office, Town of Branford.

## Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 1999:

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Grand List Amount</u>	<u>Estimated Taxes</u>
Echlin Manufacturing & Automotive Controls <sup>1</sup>	Manufacturing	\$37,957,567	\$ 994,109
Connecticut Light & Power	Utility	13,890,024	363,780
Business Park Realty and Charles Weber, Jr. et al	Commercial Real Estate	10,262,070	268,764
Neurogen Corporation	Research and Development Lab	8,243,556	215,899
Wal-mart Stores, Inc.	Discount Store	7,519,843	196,945
Branhaven Associates	Shopping Plaza	7,085,540	185,570
Connecticut Development Commission and Milford Products Company	Manufacturing	6,586,630	172,504
Turbine Components and Coating	Manufacturing	5,759,248	150,835
Seton Name Plate	Manufacturing	5,697,047	149,206
Wilcris Realty Company, Inc.	Theater and Pharmacy	<u>5,039,510</u>	<u>131,985</u>
Total		<u>\$108,041,035</u> <sup>2</sup>	<u>\$2,829,597</u> <sup>3</sup>

<sup>1</sup> Now Dana Corporation

<sup>2</sup> Represents 5.39% of the net taxable grand list of \$2,007,936,691 dated October 1, 1999.

<sup>3</sup> Represents 5.38% of the adopted tax levy of \$ 52,596,956 for fiscal year 2000-01.

Note: The New Haven Water Company (a publicly held utility) was sold to the South Central Connecticut Regional Water Authority on August 26, 1980. The Authority is required by Connecticut General Statutes, Special Act 77-98, to make annual payments to the Town equivalent to the taxes which would otherwise be due for the property of the Authority in such municipality excluding any improvements to or construction on any such real property by the Authority. The Authority currently makes payments in lieu of taxes (PILOT) at the current mill rate on personal and real property assessed at \$7,542,651 amounting to \$197,542. Exempt property acquired after the transfer day is not subject to taxation. Payments to the Town are not treated as taxes for accounting purposes, therefore the Authority is not considered a taxpayer.

Source: Assessor's Office, Town of Branford.

## Federal and State Aid

The Town receives financial assistance from the Federal and State governments, which comes primarily in the form of grants for Town operations and education.

The following table sets forth the percentage of Town General Fund revenues comprised of Federal and State aid for each of the fiscal years ended 1992-00, and as budgeted for fiscal year 2000-01:

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Federal/ State Aid</u>	<u>Federal/State Aid As a Percentage Of General Fund Revenue</u>
2001 (Adopted budget)	\$60,498,028	\$4,446,974	7.4%
2000	60,541,090	6,088,978	10.1
1999	57,430,185	6,951,517	12.1
1998	53,399,967	4,915,533	9.2
1997	50,627,125	4,405,297	8.7
1996	48,713,264	3,571,950	7.3
1995	47,776,121	3,588,576	7.5
1994	44,325,607	3,874,965	8.7
1993	43,805,250	3,894,357	8.9
1992	42,207,182	6,106,104	14.5

Source: Annual audited financial statements; Finance Department; 2000-01 fiscal year Budget.

## Expenditures

The Town's major expenditure is for education, which represents 53.3% of fiscal year 2000-01 budgeted General Fund expenditures. Other major expenditures and their approximate percentages are: public safety, 11.1%; general government, 4.0%; public works, 6.7%; pension and insurance, 6.8%; and debt service, 9.2%. Town expenditures are summarized for Fiscal Years ended 1996-00 in "Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund" herein.

## BUDGETARY PROCEDURE

The Branford Town Charter defines in Section 5 the Town's budgetary policy. The following is the budgetary sequence and time schedule generally followed by the Town:

- |                                      |  |
|--------------------------------------|--|
| <u>By the last week of February.</u> | All boards, commissions and department heads (including the Board of Education) submit their revenue and expenditure estimates for the annual budget to the First Selectman. |
| <u>By the second week of March.</u>  | The First Selectman presents budget estimates to the Board of Finance. The Board of Finance holds public and departmental hearings.  |
| <u>By the second week of April.</u>  | The Board of Finance presents its recommended budget to the Representative Town Meeting. The budget is published in book form and in newspaper legal notices.                |
| <u>During the month of April.</u>    | The Representative Town Meeting holds departmental and public hearings.  |
| <u>The second Tuesday of May.</u>    | The Representative Town Meeting holds the annual budget meeting.   |
| <u>The second Thursday of May.</u>   | The Board of Finance sets the mill rate for the new budget.  |

All unencumbered appropriations lapse at year end, except those for the Capital Projects Fund and certain specific revenue funds. Appropriations for Capital Projects are continued until completion, even when projects extend beyond one or more fiscal years.

## FINANCIAL STATEMENTS AND ACCOUNTING PROCEDURES

Under Connecticut General Statutes, the Town maintains outside independent auditors. Starting in fiscal year 1996 Scully & Wolf, LLP has acted as outside auditor. The most recent annual audit report covers the fiscal year ended in June 30, 2000, which is included in this document and made a part hereof as Appendix "A" as are the "Financial Statements" of the Town of Branford, Connecticut, as of June 30, 2000, together with the opinion thereon rendered by Scully & Wolf, LLP, Independent Certified Public Accountants.

**COMPARATIVE GENERAL FUND OPERATING STATEMENT  
BUDGET AND ACTUAL  
(BUDGETARY BASIS)**

	Fiscal Year 1999-00			Fiscal Year 2000-01	Fiscal Year <sup>2</sup> 2001-02
	Revised Budget	Actual Operations	Variance Favorable (Unfavorable)	Adopted Budget	Preliminary Budget
<b>REVENUES</b>					
Property taxes	\$48,904,933	\$49,798,269	\$ 893,336	\$52,173,026	\$55,923,437
Intergovernmental revenue:	4,465,407	4,405,581	( 59,826)	4,446,974	3,863,926
Licenses, permits, and other depts	2,146,937	2,702,074	555,137	2,058,650	2,234,950
Investment income	800,000	1,135,196	335,196	1,101,000	992,686
Other revenue	610,269	816,573	206,304	1,718,378	2,216,614
<b>TOTAL REVENUES</b>	<u>56,927,546</u>	<u>58,857,693</u>	<u>1,930,147</u>	<u>60,498,028</u>	<u>65,231,613</u>
<b>EXPENDITURES</b>					
General government	2,303,462	2,225,663	77,799	2,400,546	2,655,557
Public safety	6,618,623	6,550,033	68,590	6,714,127	7,192,873
Public works	5,809,220	5,623,471	185,749	6,456,191	6,452,523
Parks, recreation and libraries	1,566,659	1,548,221	18,438	1,522,681	1,191,507
Public health and welfare	1,133,684	1,092,678	41,006	1,133,220	1,668,224
Pension and insurance	3,696,831	3,627,311	69,520	4,098,727	4,467,960
Board of education	30,769,606	30,685,276	84,330	32,145,297	33,913,257
Capital outlay/contingency	783,700	783,550	150	1,271,325	1,175,200
Debt Service:					
Principal	3,346,031	3,346,029	2	3,564,610	3,449,997
Interest	2,030,730	2,029,217	1,513	1,989,574	2,394,215
<b>TOTAL EXPENDITURES</b>	<u>58,058,546</u>	<u>57,511,449</u>	<u>547,097</u>	<u>61,296,298</u>	<u>65,016,313</u>
Excess (Deficiency) of Revenues Over Expenditures	( 1,131,000)	1,346,244	2,477,244	( 798,270)	215,300
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in		1,996	1,996	-0-	-0-
Transfers (out)	( 169,000)	( 169,000)		( 201,730)	( 215,300)
Total Other financing Sources (uses)	( 169,000)	( 167,004)	1,996	( 201,730)	<u>\$( 215,300)</u>
Excess of revenues and other sources over (under) expenditures	<u>\$(1,300,000)</u>	<u>1,179,240</u>	<u>\$ 2,479,240</u>	<u>( 1,000,000)</u>	
Appropriated fund balance				<u>\$ 1,000,000</u>	
Unreserved Fund balance beginning the fiscal year		<u>5,566,526</u>			
Undesignated fund balance end of year		<u>\$6,745,766</u>			

<sup>1</sup> Annually, the Town appropriates from the prior year's audited surplus as necessary to balance the budget.

<sup>2</sup> Preliminary, subject to adjustment and adoption.

Source: Annual audited financial statements and annual budget.



# COMPARATIVE BALANCE SHEETS

## GENERAL FUND

FISCAL YEAR ENDED JUNE 30:

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$10,085,789	\$12,626,875	\$16,820,556	\$9,915,910	\$8,496,700
Taxes receivable	2,328,981	2,628,002	2,386,238	2,593,482	2,874,913
Intergovernmental receivables	366,612	195,547	153,598	30,495	28,634
Due from other funds	2,013,445	1,540,502	2,061,009	551,675	759,748
Other receivables	<u>96,045</u>	<u>152,788</u>	<u>526,622</u>	<u>680,427</u>	<u>682,052</u>
<b>TOTAL ASSETS</b>	<u>\$14,890,872</u>	<u>\$17,143,714</u>	<u>\$21,948,023</u>	<u>\$13,771,989</u>	<u>\$12,842,047</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$1,879,198	\$1,950,775	\$1,228,024	\$1,734,432	\$1,410,993
Deferred revenue	2,142,601	3,202,353	2,572,197	3,516,066	809,696
Due to other funds	926,192	4,332,719	11,779,709	2,175,283	3,058,495
Other liabilities	<u>544,906</u>	<u>436,076</u>	<u>434,574</u>	<u>416,028</u>	<u>472,462</u>
<b>TOTAL LIABILITIES</b>	<u>5,492,897</u>	<u>9,921,923</u>	<u>16,014,504</u>	<u>7,841,809</u>	<u>5,751,646</u>
<b>FUND EQUITY</b>					
Reserved for encumbrances	46,141	-0-	38,300	363,654	344,635
Designated for subsequent expenditures	3,749,451	3,900,000	2,200,000	1,300,000	1,000,000
Unreserved and undesignated	<u>5,602,383</u>	<u>3,321,791</u>	<u>3,695,219</u>	<u>4,266,526</u>	<u>5,745,766</u>
<b>TOTAL FUND EQUITY</b>	<u>9,397,975</u>	<u>7,221,791</u>	<u>5,933,519</u>	<u>5,930,180</u>	<u>7,090,401</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$14,890,872</u>	<u>\$17,143,714</u>	<u>\$21,948,023</u>	<u>\$13,771,989</u>	<u>\$12,842,047</u>

Source: Annual audited financial statements.

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

## GENERAL FUND

FISCAL YEARS ENDED JUNE 30:

REVENUES	1996	1997	1998	1999	2000
Property taxes	\$ 41,626,022	\$ 42,596,640	\$ 44,424,299	\$ 46,316,527	\$ 49,798,269
Education revenues	2,311,543	2,283,572	2,232,077	4,223,330	3,040,748
Intergovernmental revenue	1,260,406	1,102,808	2,683,456	2,728,187	3,048,230
Other revenues	<u>4,360,675</u>	<u>4,644,105</u>	<u>4,060,135</u>	<u>4,162,141</u>	<u>4,653,843</u>
<b>TOTAL REVENUES</b>	<u>49,558,646</u>	<u>50,627,125</u>	<u>53,399,967</u>	<u>57,430,185</u>	<u>60,541,090</u>
<b>EXPENDITURES</b>					
General government	1,691,804	1,953,064	2,010,069	2,183,412	2,226,584
Public safety	4,863,383	5,148,380	5,764,848	6,109,077	6,538,710
Public works	5,128,722	5,174,549	5,019,123	5,515,192	5,623,471
Health and welfare	1,070,470	1,078,262	1,111,185	1,011,094	1,080,678
Library	534,348	573,651	642,475	702,873	791,509
Recreation	558,879	613,193	634,389	718,913	756,712
Pension and insurance	3,444,126	3,507,512	3,433,167	3,523,916	3,623,309
Education	27,503,863	28,569,137	29,945,578	31,033,711	32,368,673
Project expenditures	102,873	170,462	277,340	788,572	828,973
Debt service					
Principal	1,780,566	2,808,837	3,336,509	3,289,250	3,346,029
Interest	<u>1,430,869</u>	<u>1,646,886</u>	<u>1,986,565</u>	<u>2,169,272</u>	<u>2,029,217</u>
<b>TOTAL EXPENDITURES</b>	<u>48,109,903</u>	<u>51,243,933</u>	<u>54,161,248</u>	<u>57,045,282</u>	<u>59,213,865</u>
Excess (Deficiency) of Revenues Over (Expenditures)	<u>1,448,743</u>	<u>( 616,808)</u>	<u>( 761,281)</u>	<u>384,903</u>	<u>1,327,225</u>
<b>OTHER FINANCING SOURCES</b>					
Operating transfers in	105,547	5,802	10,009	126,299	1,996
Proceeds of refunding bonds	-0-	-0-	6,990,387	-0-	-0-
Payment to refund bond escrow agent	-0-	-0-	(6,990,387)	-0-	-0-
Operating Transfers Out	<u>(1,230,363)</u>	<u>(1,565,178)</u>	<u>( 537,000)</u>	<u>( 514,541)</u>	<u>( 169,000)</u>
Net Other Financial Sources (Uses)	<u>(1,124,816)</u>	<u>(1,559,376)</u>	<u>( 526,991)</u>	<u>( 388,242)</u>	<u>( 167,004)</u>
Excess (Deficiency) of Revenues and Other Sources	<u>323,927</u>	<u>(2,176,184)</u>	<u>(1,288,272)</u>	<u>( 3,339)</u>	<u>1,160,221</u>
Fund Balance - Beginning of Year	<u>9,074,048</u>	<u>9,397,975</u>	<u>7,221,791</u>	<u>5,933,519</u>	<u>5,930,180</u>
Fund Balance - End of Year	<u>\$9,397,975</u>	<u>\$7,221,791</u>	<u>\$5,933,519</u>	<u>\$5,930,180</u>	<u>\$7,090,401</u>

Source: Annual audited financial statements.

# COMPARATIVE BALANCE SHEETS

## CAPITAL PROJECTS FUND

FISCAL YEARS ENDED JUNE 30:

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>ASSETS</b>					
Cash and Cash equivalents	\$1,155,385	\$ 212,355	\$ 526,934	\$ 361,455	\$ 199,668
Intergovernmental receivables	35,300	-0-	-0-	537,188	4,456
Other assets	400	-0-	-0-	-0-	-0-
Due from other funds	<u>794,818</u>	<u>4,331,404</u>	<u>11,825,950</u>	<u>2,319,455</u>	<u>792,715</u>
<b>TOTAL ASSETS</b>	<u>\$1,985,903</u>	<u>\$4,543,759</u>	<u>\$12,352,884</u>	<u>\$3,218,098</u>	<u>\$ 996,839</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 922,986	\$ 2,160,051	\$ 1,622,899	\$ 2,487,893	\$ 1,773,211
Due to other funds	1,937,088	1,280,872	1,597,316	916,868	748,851
Clean water notes payable	-0-	-0-	-0-	-0-	1,426,624
Bonds and notes payable	<u>-0-</u>	<u>245,000</u>	<u>873,470</u>	<u>1,192,673</u>	<u>4,020,000</u>
<b>TOTAL LIABILITIES</b>	<u>2,860,074</u>	<u>3,685,923</u>	<u>4,093,685</u>	<u>4,597,434</u>	<u>7,968,686</u>
<b>FUND EQUITY</b>					
Reserved for encumbrances	7,451,582	7,285,641	9,643,103	2,791,272	21,005,822
Designated	1,044,878	471,453	1,770,294	583,186	615,341
Unreserved:					
Undesignated	<u>( 9,370,631)</u>	<u>( 6,899,258)</u>	<u>( 3,154,198)</u>	<u>( 4,753,794)</u>	<u>(28,593,010)</u>
<b>TOTAL FUND EQUITY</b>	<u>( 874,171)</u>	<u>857,836</u>	<u>8,259,199</u>	<u>( 1,379,336)</u>	<u>( 6,971,847)</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$1,985,903</u>	<u>\$4,543,759</u>	<u>\$12,352,884</u>	<u>\$3,218,098</u>	<u>\$ 996,839</u>

Source: Annual audited financial statements.

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**CAPITAL PROJECTS FUND**

FISCAL YEARS ENDED JUNE 30:

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>REVENUES</b>					
Intergovernmental revenues	\$ 553,396	\$ 317,825	\$ 202,283	\$1,061,289	\$ 303,408
Investment income	72,745	4,054	10,097	12,219	8,883
Miscellaneous revenues	<u>153,760</u>	<u>62,505</u>	<u>7,668</u>	<u>371,501</u>	<u>2,149</u>
<b>TOTAL REVENUES</b>	<u>779,901</u>	<u>384,384</u>	<u>220,048</u>	<u>1,445,009</u>	<u>314,440</u>
<b>EXPENDITURES</b>					
Capital outlay	5,080,820	10,811,753	9,645,157	11,576,786	7,356,742
Interest	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL EXPENDITURES</b>	<u>5,080,820</u>	<u>10,811,753</u>	<u>9,645,157</u>	<u>11,576,786</u>	<u>7,356,742</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,300,919)</u>	<u>(10,427,369)</u>	<u>(9,425,109)</u>	<u>(10,131,777)</u>	<u>(7,042,302)</u>
<b>OTHER FINANCING SOURCES:</b>					
Proceeds of Notes and Bonds	5,470,000	10,600,000	16,175,000	-0-	1,270,151
Operating transfers in	1,230,363	1,632,691	661,259	514,541	181,661
Operating transfers (out)	<u>( 105,547)</u>	<u>( 73,315)</u>	<u>( 9,787)</u>	<u>( 21,299)</u>	<u>( 2,021)</u>
Net Other Financial Sources (Uses)	<u>6,594,816</u>	<u>12,159,376</u>	<u>16,826,472</u>	<u>493,242</u>	<u>1,449,791</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>2,293,897</u>	<u>1,732,007</u>	<u>7,401,363</u>	<u>(9,638,535)</u>	<u>(5,592,511)</u>
Fund Balance - Beginning of Year	<u>(3,168,068)<sup>1</sup></u>	<u>( 874,171)</u>	<u>857,836</u>	<u>8,259,199</u>	<u>(1,379,336)</u>
Fund Balance - End of Year	<u>\$( 874,171)</u>	<u>\$ 857,836</u>	<u>\$8,259,199</u>	<u>\$(1,379,336)</u>	<u>\$(6,971,847)</u>

<sup>1</sup> Restated.

Source: Annual audited financial statements.

# COMPARATIVE BALANCE SHEETS

## SPECIAL REVENUE FUND

FISCAL YEARS ENDED JUNE 30:

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$1,580,664	\$1,583,351	\$1,737,850	\$1,684,272	\$2,039,480
Taxes and assessments receivables	5,709,242	5,006,263	4,854,340	4,189,736	3,784,109
Intergovernmental receivables	27,725	70,520	243,123	59,090	137,183
Due from other funds	131,374	2,285	284,995	574,560	22,538
Inventory	10,543	7,946	10,432	10,146	11,098
Other receivables	<u>53,016</u>	<u>29,499</u>	<u>20,656</u>	<u>48,541</u>	<u>3,153</u>
<b>TOTAL ASSETS</b>	<u>\$7,512,564</u>	<u>\$6,699,864</u>	<u>\$7,151,396</u>	<u>\$6,566,345</u>	<u>\$5,997,561</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 435,346	\$ 234,790	\$ 311,199	\$ 349,758	\$ 663,942
Deferred revenue	5,709,242	5,015,394	4,878,178	4,236,854	3,837,773
Due to other funds	60,403	178,362	793,665	353,539	9,438
Other liabilities	<u>3,708</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>TOTAL LIABILITIES</b>	<u>6,208,699</u>	<u>5,428,546</u>	<u>5,983,042</u>	<u>4,940,151</u>	<u>4,511,153</u>
<b>FUND EQUITY</b>					
Reserved for inventory	10,543	7,946	10,432	10,146	11,098
Unreserved:					
Undesignated	<u>1,293,322</u>	<u>1,263,372</u>	<u>1,157,922</u>	<u>1,616,048</u>	<u>1,475,310</u>
<b>TOTAL FUND EQUITY</b>	<u>1,303,865</u>	<u>1,271,318</u>	<u>1,168,354</u>	<u>1,626,194</u>	<u>1,486,408</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$7,512,564</u>	<u>\$6,699,864</u>	<u>\$7,151,396</u>	<u>\$6,566,345</u>	<u>\$5,997,561</u>

Source: Annual audited financial statements.

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**SPECIAL REVENUE FUND**

FISCAL YEARS ENDED JUNE 30:

REVENUES	1996	1997	1998	1999	2000
Special assessments	\$1,447,768	\$1,324,459	\$1,224,196	\$1,307,350	\$ 962,154
Intergovernmental revenue	1,441,751	1,165,070	1,737,881	2,120,986	2,778,254
Sale of food	592,796	582,797	1,379,124	1,318,289	1,359,641
Investment income	69,738	47,094	55,067	62,672	55,778
Miscellaneous Revenue	<u>711,101</u>	<u>812,148</u>	<u>75,736</u>	<u>560,673</u>	<u>466,541</u>
<b>TOTAL REVENUES</b>	<u>4,263,154</u>	<u>3,931,568</u>	<u>4,472,004</u>	<u>5,369,970</u>	<u>5,622,368</u>
<b>EXPENDITURES</b>					
Cost of food	270,611	316,522	11,391	-0-	-0-
Project costs	8,181	2,156	-0-	-0-	-0-
Salaries and wages	716,053	719,379	382,817	-0-	-0-
Debt service	1,394,630	1,310,290	1,863,189	1,212,049	1,120,921
Miscellaneous	<u>1,682,312</u>	<u>1,615,768</u>	<u>2,723,312</u>	<u>3,595,081</u>	<u>4,641,233</u>
<b>TOTAL EXPENDITURES</b>	<u>4,071,787</u>	<u>3,964,115</u>	<u>4,980,709</u>	<u>4,807,130</u>	<u>5,762,154</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>191,367</u>	<u>( 32,547)</u>	<u>( 508,705)</u>	<u>562,840</u>	<u>( 139,786)</u>
<b>OTHER FINANCING SOURCES:</b>					
Proceeds from bond issue	-0-	-0-	530,000	-0-	-0-
Operating transfer in	-0-	-0-	-0-	-0-	-0-
Operating transfers (out)	-0-	-0-	( 124,259)	( 105,000)	-0-
Net Other Financial Sources (Uses)	<u>-0</u>	<u>-0</u>	<u>405,741</u>	<u>( 105,000)</u>	<u>-0</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>191,367</u>	<u>( 32,547)</u>	<u>( 102,964)</u>	<u>457,840</u>	<u>( 139,786)</u>
 Fund Balance - Beginning of Year	 <u>1,112,498<sup>1</sup></u>	 <u>1,303,865</u>	 <u>1,271,318</u>	 <u>1,168,354</u>	 <u>1,626,194</u>
 Fund Balance - End of Year	 <u>\$1,303,865</u>	 <u>\$1,271,318</u>	 <u>\$1,168,354</u>	 <u>\$1,626,194</u>	 <u>\$1,486,408</u>

<sup>1</sup> Restated.

Source: Annual audited financial statements.

## EMPLOYEE COLLECTIVE BARGAINING

As of the date of this Official Statement, the Town employs 674 persons. The following is a breakdown of employee representation by collective bargaining agent and the dates of expiration of the various collective bargaining agreements:

<u>Employees</u>	<u>Organization</u> <sup>1</sup>	<u>Number Of Employees</u>	<u>Contract Expiration Date</u>
<u>General Government</u>			
Dispatchers	National Association of Government Employees	10	6/30/02
Municipal	AFSCME, AFL-CIO, Council # 4, Local #1303-90	20	6/30/03
Police Department	IBPO, Local # 459	43	6/30/03
Fire Department	International Association of Firefighters, Local # 2533	28	6/30/03
Recreation	AFSCME, AFL-CIO Council # 4, Local # 1303-83,	5	6/30/03
Highway	AFSCME, AFL-CIO Council # 4, Local # 1303-68,	18	6/30/03
Treatment plant	CILU	6	6/30/04
	Total Organized	130	
	Non-Unionized	48	
	Sub-total General Government	178	
<u>Board of Education</u>			
Administrators	Branford Administrators Organization	15	6/30/03
Certified	Branford Education Association	301	8/31/03
Nurses	AFSCME AFL-CIO # 4 Local 1303-365	7	6/30/04 <sup>2</sup>
Custodians	AFSCME AFL-CIO # 4 Local 1303	33	6/30/04
Teachers			
	Total Organized	356	
	Non-Unionized	140	
	Sub-total Board of Education	496	
Total Town Employees		674	

<sup>1</sup> The negotiation of collective bargaining agreements is subject to binding arbitration under Connecticut General Statutes. See note below.

<sup>2</sup> Pending Board of Education Approval.

Note: General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of the town, there is an irrebuttable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

## EMPLOYEE PENSION SYSTEMS

Town full-time employees, with the exception of the Police Department employees, Volunteer Firemen and certified teachers and administrators, participate in the State of Connecticut Municipal Employees Retirement Fund (MERF), a multiple-employer public employee retirement system. Certified teachers and administrators are members of the State of Connecticut Teachers Retirement Board. The Police and Volunteer Firemen's Retirement Plans are single-employer, contributory, defined benefit, public employee retirement systems (PERS) established and administered by the Town. For further details on the Plans, see Appendix A, Page A-18, Notes to the Financial Statements.

## LEGAL REQUIREMENTS FOR APPROVAL OF BORROWING

Under Sections 2 and 7 of the Town Charter, bond authorizations are accomplished through the passage of an appropriation and bonding authorization by the Representative Town Meeting (RTM). An appropriation, introduced by the requesting authority, is first introduced to the Planning and Zoning Commission, which in turn recommends the proposal to the Board of Finance. The Board of Finance must approve the authorization and recommend the proposal to the RTM. The RTM, after appropriate public notice, votes to approve or disapprove the proposal and appropriate the required funds and authorize the issuance of bonds or notes to meet the appropriation. RTM action is subject to referendum.

## INVESTMENT POLICY AND PRACTICES

Under Connecticut General Statutes Section 7-400, 7-401 and 7-402, the Town may invest in (a) obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal National Mortgage Association, the Federal Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all federal land banks, the Tennessee Valley Authority, or any other agency of the United States government (b) money market and mutual funds investing in such obligations or repurchase agreements fully collateralized by such obligations and (c) certain state and municipal bonds and notes, and may make deposits with certain "qualified public depositories".

The Town's investment practices have been to invest in certificates of deposit, short-term repurchase agreements, demand accounts and the State of Connecticut Short Term Investment Fund (STIF). The Town does not invest in derivative investment products.

## BOND RATINGS

Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Corporation (S&P) have assigned a rating of "Aaa" and "AAA" to the Bonds with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy will be issued by MBIA Insurance Corporation. See "Bond Insurance - Appendix D" herein. The Town's underlying bond rating by Moody's was increased from "A1" to "Aa3" and was reconfirmed at "AA" by S&P. Such ratings reflect only the views of such rating agencies and any explanation of the significance of such ratings may be obtained from Moody's and S&P at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, and Standard and Poor's Corporation: 55 Water Street, New York, New York 10041. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Town's bonds and notes.

## LITIGATION

The Town of Branford, its officers, employees, boards and commissions are defendants in various lawsuits. Following consultation with the Town Attorney and other attorneys advising the Town, Town officials are of the opinion that all pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

## UNDERWRITING

The Bonds are being purchased by Roosevelt & Cross, Incorporated (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$24,125,215.50 (consisting of the principal amount of \$23,770,000, plus original issue premium of \$482,147.30, less underwriter's discount of \$126,931.80). The Underwriter will be obligated to purchase all such Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.



## VERIFICATION OF MATHEMATICAL COMPUTATIONS

McGladrey & Pullen LLP will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits listed in the Underwriter's schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements, if any, of the Refunded Bonds, and (2) the computations of yield on both the securities and the Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest on the Bonds is exempt from tax. McGladrey & Pullen LLP will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Bonds.

## FINANCIAL ADVISOR

The Town has retained Independent Bond and Investment Consultants LLC of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although Independent Bond and Investment Consultants has assisted in the preparation of the Official Statement, Independent Bond and Investment Consultants LLC is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Independent Bond and Investment Consultants LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Upon delivery of the Bonds, the Town will furnish the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town, signed by the Board of Selectmen and Treasurer, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify to the best of said officials' knowledge and belief, that at the time the Bond Purchase Agreement for the Bonds was signed, the descriptions and statements in the Official Statement relating to the Town of Branford and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement; and
3. The approving opinion of Day, Berry & Howard LLP, of Hartford, Connecticut.
4. An executed Continuing Disclosure Agreement for the Bonds in substantially the form of Appendix C hereto.
5. A receipt for the purchase price of the Bonds.
6. Within seven business days of the execution of the Bond Purchase Agreement, the Town will furnish the purchaser of the Bonds 100 copies of the Final Official Statement, as prepared by the Town.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the offices of the State Street Bank and Trust Company of Connecticut, N.A., Hartford, Connecticut and will be available for examination upon reasonable request.

## QUALIFICATION FOR FINANCIAL INSTITUTIONS

The Bonds shall not be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

## AVAILABILITY OF CONTINUING DISCLOSURE INFORMATION

The Town of Branford prepares, in accordance with State law, annual audited financial statements and is generally required to file such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The Town also provides, and expects to continue to provide to Moody's Investors Service and Standard & Poor's Corporation ongoing disclosure in the form of the Annual Audited Report and the Adopted Budgets, and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for the Bonds. The Underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date the Town has not failed to meet any of its undertakings under such agreements.

#### **ADDITIONAL INFORMATION**

Additional information may be obtained upon request from the Office of the First Selectman (203) 488-8394 Extension 120 or from Independent Bond and Investment Consultants LLC at (203) 245-8715.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be constructed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or part for any other purpose.

Independent Bond and Investment Consultants LLC, the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

#### **TOWN OF BRANFORD, CONNECTICUT**

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By: **Anthony J. DaRos**  
*First Selectman*

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By: **Francis W. Walsh, Jr.**  
*Selectman*

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By: **Jason B. Vincent**  
*Selectman*

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By: **Edward J. Zack, Jr.**  
*Treasurer*

**Dated: May 3, 2001**

## APPENDIX A - FINANCIAL STATEMENTS

### TOWN OF BRANFORD, CONNECTICUT

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of Branford for the Fiscal Year ending June 30, 2000 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of Branford, Connecticut.





*Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033*

## INDEPENDENT AUDITORS' REPORT

Board of Finance  
Town of Branford  
Branford, Connecticut

Dear Members of the Board:

We have audited the general-purpose financial statements of the Town of Branford as of June 30, 2000 and for the year then ended. These general-purpose financial statements are the responsibility of the Town of Branford's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned general-purpose financial statements present fairly, in all material respects, the financial position of the Town of Branford at June 30, 2000 and the results of its operations and the cash flows of its nonexpendable trust funds for the year then ended, in conformity with generally accepted accounting principles.

SCULLY & WOLF, LLP

November 20, 2000

## TOWN OF BRANFORD

EXHIBIT I

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000

	..... GOVERNMENTAL FUND TYPES .....				FIDUCIARY .....				..... ACCOUNT GROUPS .....				TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	TRUST AND AGENCY	GENERAL	FIXED ASSETS	LONG-TERM DEBT		GENERAL	FIXED ASSETS	LONG-TERM DEBT		
<b>ASSETS AND OTHER DEBITS</b>													
Assets:													
Cash and cash equivalents .....	\$ 8,496,700	\$2,039,480			\$199,668	\$	866,322						\$11,602,170
Investments .....							10,033,484						10,033,484
Receivables:													
Taxes .....	2,874,913												
Assessments .....		3,784,109											2,874,913
Intergovernmental .....	28,634	137,183											3,784,109
Other .....	661,940	3,153		4,456									170,273
Due from other funds .....	759,748	22,538		792,715									671,058
Inventory .....		11,098											1,575,001
Other assets .....													11,098
Fixed assets .....	20,112												20,112
Other debits:													
Amount to be provided from State grants .....													75,383,077
Amount to be provided from taxation .....													10,267,570
TOTAL .....	\$12,842,047	\$5,997,561	\$996,839	\$10,905,771	\$75,383,077	\$47,888,275							\$154,013,570
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>													
Liabilities:													
Accounts payable and accrued expenses .....	\$ 1,410,993	\$ 663,942	\$ 1,773,211	\$	4,589								\$ 3,852,735
Accrued termination benefits payable .....													6,031,601
Due to other funds .....	809,696	9,438	748,851		7,016								1,575,001
Due to student and other groups .....					632,660								632,660
Deferred revenues .....	3,058,495	3,837,773											6,896,268
Bond anticipation notes payable .....					4,020,000								4,020,000
Clean water notes payable .....					1,426,624								1,426,624
General obligation bonds and notes payable .....													39,288,251
Other liabilities .....	472,462												1,170,000
Net pension obligation .....													1,642,462
Total liabilities .....	5,751,646	4,511,153	7,968,686	644,265									1,398,423
Equity and other credits:													
Investments in general fixed assets .....													18,875,750
Fund balance (deficit):													
Reserved .....	344,635	11,098	21,005,822	9,525,321									75,383,077
Unreserved:													
Designated .....	1,000,000		615,341										30,886,876
Undesignated .....	5,745,766	1,475,310	(28,593,010)	736,185									1,615,341
Total equity and other credits .....	7,090,401	1,486,408	(6,971,847)	10,261,506	75,383,077								(20,635,749)
TOTAL .....	\$12,842,047	\$5,997,561	\$ 996,839	\$10,905,771	\$75,383,077	\$47,888,275							\$154,013,570

The notes to the financial statements are an integral part of this statement.

## TOWN OF BRANFORD

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000

.....GOVERNMENTAL FUND TYPES.....				FIDUCIARY FUND TYPE.	TOTALS (MEMORANDUM ONLY)
GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	TRUST	EXPENDABLE	
Revenues:					
Taxes.....	\$49,798,269	\$ 962,154			\$49,798,269
Assessments.....		2,778,254	\$ 303,408		962,154
Intergovernmental revenues.....	6,088,978				9,170,640
Licenses, permits and other departments.....	2,702,074				2,702,074
Donations and grants.....				\$ 98,971	98,971
Investment income.....	1,135,196	55,778	8,883	45,158	1,245,015
Sales and services.....		1,359,641			1,359,641
Other.....	816,573	466,541	2,149		1,285,263
Total revenues.....	60,541,090	5,622,368	314,440	144,129	66,622,027
Expenditures:					
Current:					
General government.....	2,226,584	15,000			2,241,584
Public safety.....	6,538,710	119,565			6,658,275
Public works and highway.....	5,623,471	675,979			6,299,450
Parks, recreation and libraries.....	1,548,221	237,903		21,710	1,807,834
Health and human services.....	1,080,678	996,111		43,149	2,119,938
Education.....	32,368,673	2,596,675			34,965,348
Pension and insurance.....	3,623,309				3,623,309
Capital outlay.....	828,973		7,356,742		8,185,715
Debt service.....	5,375,246	1,120,921			6,496,167
Total expenditures.....	59,213,865	5,762,154	7,356,742	64,859	72,397,620
Excess (deficiency) of revenues over expenditures.....	1,327,225	(139,786)	(7,042,302)	79,270	(5,775,593)
Other financing sources (uses):					
Operating transfers in.....	1,996		181,661		183,657
Operating transfers out.....	(169,000)		(2,021)	(12,636)	(183,657)
Loan proceeds.....			1,270,151		1,270,151
Total other financing sources (uses).....	(167,004)		1,449,791	(12,636)	1,270,151
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,160,221	(139,786)	(5,592,511)	66,634	(4,505,442)
Fund balance (deficit), July 1, 1999.....	5,930,180	1,626,194	(1,379,336)	521,848	6,698,886
Fund balance (deficit), June 30, 2000.....	\$ 7,090,401	\$1,486,408	\$ (6,971,847)	\$588,482	\$ 2,193,444

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)

- - - - -

GENERAL FUND AND SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2000

	GENERAL FUND		SPECIAL REVENUE FUNDS	
	AMENDED BUDGET	ACTUAL	AMENDED BUDGET	ACTUAL
	VARIANCE FAVORABLE (UNFAVORABLE)		VARIANCE FAVORABLE (UNFAVORABLE)	
<b>Revenues:</b>				
Taxes	\$48,904,933	\$49,798,269	\$	\$ 893,336
Assessments				
Intergovernmental revenues	4,465,407	4,405,581	(59,826)	
Licenses, permits and other departments	2,146,937	2,702,074	555,137	
Investment income	800,000	1,135,196	335,196	
Sales and services				
Other	610,269	816,573	206,304	
<b>Total revenues</b>	<b>56,927,546</b>	<b>58,857,693</b>	<b>1,930,147</b>	<b>2,672,423</b>
				<b>(130,295)</b>
<b>Expenditures:</b>				
Current:				
General government				
Public safety	2,303,462	2,225,663	77,799	
Public works and highway	6,618,623	6,550,033	68,590	
Parks, recreation and libraries	5,809,220	5,623,471	185,749	
Health and human services	1,566,659	1,548,221	18,438	
Education	1,133,684	1,092,678	41,006	
Pension and insurance	30,769,606	30,685,276	84,330	
Capital outlay	3,696,831	3,627,311	69,520	
Debt service	783,700	783,550	150	
	5,376,761	5,375,246	1,515	
<b>Total expenditures</b>	<b>58,058,546</b>	<b>57,511,449</b>	<b>547,097</b>	<b>1,120,921</b>
				<b>5,002</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,131,000)</b>	<b>1,346,244</b>	<b>2,807,033</b>	<b>2,818,706</b>
				<b>(11,673)</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	(169,000)	1,996	1,996	
Operating transfers out		(169,000)		
<b>Total other financing sources uses</b>	<b>(169,000)</b>	<b>(167,004)</b>	<b>1,996</b>	<b>(146,283)</b>
				<b>(141,968)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>\$(1,300,000)</b>	<b>1,179,240</b>	<b>\$ (4,315)</b>	<b>\$ (141,968)</b>
<b>Fund balance, July 1, 1999</b>		<b>5,566,526</b>		<b>762,164</b>
<b>Fund balance, June 30, 2000</b>		<b>\$ 6,745,766</b>		<b>\$ 615,881</b>

The notes to the financial statements are an integral part of this statement.



TOWN OF BRANFORD

COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND BALANCE  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000

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Operating revenues:	
Investment income:	
Interest and dividends .....	\$ 18,329
Net realized and unrealized losses .....	<u>(22,723)</u>
Total operating revenues .....	(4,394)
Operating expenses:	
Scholarships .....	\$1,000
Other .....	<u>1,080</u>
Total operating expenses .....	<u>2,080</u>
Net income (loss) .....	(6,474)
Fund balance, July 1, 1999 .....	<u>354,597</u>
Fund balance, June 30, 2000 .....	<u>\$348,123</u>

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The notes to the financial statements are an  
integral part of this statement.

TOWN OF BRANFORD

COMBINED STATEMENT OF CASH FLOWS  
 NONEXPENDABLE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2000

Cash flows from operating activities:	
Payments for scholarships and other .....	\$ (2,080)
Cash flows from investing activities:	
Interest income .....	\$18,329
Realized losses .....	<u>(1,128)</u>
Net cash flows from investing activities.....	<u>17,201</u>
Net increase in cash and cash equivalents.....	15,121
Cash and cash equivalents, July 1, 1999.....	<u>259,250</u>
Cash and cash equivalents, June 30, 2000.....	274,371
Other Trust and Agency Funds:	
Cash and cash equivalents, June 30, 2000:	
Expendable Trust Funds .....	110,114
Agency Funds .....	<u>481,837</u>
Total All Trust and Agency Funds .....	<u>\$866,322</u>
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net income (loss).....	\$ (6,474)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Investment (income) loss included in operating income .....	<u>4,394</u>
Net cash provided (used) by operating activities.....	<u>\$ (2,080)</u>
Noncash transactions:	
Net unrealized losses .....	<u>\$21,595</u>

The notes to the financial statements are an  
integral part of this statement.

TOWN OF BRANFORD

STATEMENT OF CHANGES IN PLAN NET ASSETS  
PENSION TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 2000

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Additions:	
Contributions:	
Employer.....	\$ 719,000
Plan members.....	<u>143,546</u>
Total contributions.....	862,546
Investment income:	
Net appreciation in fair value of investments.....	\$309,043
Interest and dividends.....	<u>301,568</u>
Net investment income.....	<u>610,611</u>
Total additions .....	1,473,157
Deductions:	
Benefits.....	409,840
Administration.....	<u>74,867</u>
Total deductions .....	<u>484,707</u>
Net increase.....	988,450
Net assets held in trust for pension benefits, July 1, 1999.....	<u>8,336,451</u>
Net assets held in trust for pension benefits, June 30, 2000....	<u>\$9,324,901</u>

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The notes to the financial statements are an  
integral part of this statement.

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## TOWN OF BRANFORD

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2000

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Branford (the "Town") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

##### *A. Reporting Entity*

The Town is incorporated under the provisions of the Statutes of the State of Connecticut. The Town operates under a Representative Town Meeting/Board of Selectmen form of Government and provides the following services as authorized by its Charter: Administrative, Public Safety, Public Works, Health and Welfare, Recreation, Libraries, Education and Public Improvements.

##### *B. Fund Accounting*

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into fund types and fund categories as follows:

##### **Governmental Funds**

**General Fund** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**Capital Projects Funds** - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds, or Trust Funds).

##### **Fiduciary Funds**

**Trust and Agency Funds** - Trust and Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Nonexpendable Trust, Pension Trust and Agency Funds. Agency Funds are custodial in nature and do not involve measurement of results or operations.

### ***C. Account Groups***

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

#### **General Fixed Assets**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets. General fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

#### **General Long-Term Debt**

Long-term liabilities expected to be financed from governmental funds are in the General Long-Term Debt Account Group.

### ***D. Basis of Accounting***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within sixty (60) days after year end. Expenditures are generally recorded when the related fund liability is incurred. Exceptions to this general rule include: 1) principal and interest on general long-term debt is recognized when due; 2) accumulated unpaid employee compensated absences are recorded when paid.

The significant revenues susceptible to accrual are property taxes, interest revenue and grants.

Licenses, permits and other fees are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by pension trust funds and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Town reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

#### *E. Budgets and Budgetary Accounting, Town Charter*

A budget for the General Fund and certain Special Revenue Funds are authorized annually by the Town. The Board of Finance recommends and the Representative Town Meeting (RTM) approves the budget.

The Town adheres to the following procedures in establishing the budgetary data reported in the financial statements for the General Fund and specific Special Revenue Funds (Sewer Assessment, Water Assessment, Dog Fund, Board of Education Program Fund, Day Care and Cafeteria). As required by Town Charter, the Board of Finance holds a public hearing to review and discuss the proposed annual Town budget no later than two weeks before the Annual Budget Meeting of the Representative Town Meeting (RTM). The Board of Finance then recommends and submits a formal annual appropriations budget to the RTM. The RTM must take action on the adoption of the appropriations recommended by the Board of Finance at the Annual Budget Meeting, which must be held no later than the Friday following the second Tuesday of May. Thereafter, but no later than June 1, the Board of Finance shall determine the rate of taxation for the ensuing fiscal year.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level for all budgeted funds. The Board of Finance, upon the request of individual departments, offices or agencies, may approve and must recommend all transfers to the Representative Town Meeting (RTM). No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. There were no supplemental appropriations this year.

All unencumbered appropriations lapse at year-end except for those in the Capital Projects Fund. Appropriations for these funds are continued until completion of the applicable projects, which often last more than one fiscal year.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than generally accepted accounting principles (GAAP basis). The major differences between the budget and GAAP basis are as follows:

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year whereas they are shown as a reservation of fund balance on a GAAP basis of accounting.
- State of Connecticut payments on-behalf of Town of Branford teachers for the State teacher retirement system are reported for GAAP purposes only, as intergovernmental revenue and education expenditures. This reporting is in accordance with Governmental Accounting Standards Board Statement No. 24.
- The Board of Education does not budget for expenditures reimbursed by the State of Connecticut for excess costs related to certain special education students. These reimbursements are netted against expenditures for budgetary reporting purposes.

General Fund and certain Special Revenue Funds budgetary results are presented in Exhibit III.

As explained above, the Town's budgetary fund structure as presented in Exhibit III accounts for certain transactions differently from that utilized in Exhibits I and II, which present financial statements in conformity with generally accepted accounting principles. A reconciliation of these differences at June 30, 2000 follows:

	<u>.....General Fund.....</u>	
	<u>Revenues and Transfers In</u>	<u>Expenditures and Transfers Out</u>
GAAP basis, Exhibit II.....	\$60,543,086	\$59,382,865
Encumbrances:		
June 30, 1999.....		(363,654)
June 30, 2000.....		344,635
State on-behalf payments for teacher retirement.....	(1,287,468)	(1,287,468)
Special education excess cost grants.....	<u>(395,929)</u>	<u>(395,929)</u>
Non-GAAP budgetary basis, Exhibit III.....	<u>\$58,859,689</u>	<u>\$57,680,449</u>

As previously indicated not all Special Revenue Funds have adopted budgets. The following is a reconciliation of Exhibit II and III:

	<u>.....Special Revenue Funds.....</u>	
	<u>Revenues and Transfers In</u>	<u>Expenditures and Transfers Out</u>
GAAP basis, Exhibit II.....	\$ 5,622,368	\$ 5,762,154
Encumbrances:		
June 30, 1999.....	- 0 -	- 0 -
June 30, 2000.....	- 0 -	- 0 -
Non-budgeted funds.....	<u>(2,949,945)</u>	<u>(2,943,448)</u>
Non-GAAP budgetary basis, Exhibit III.....	<u>\$ 2,672,423</u>	<u>\$ 2,818,706</u>

#### *F. Cash and Cash Equivalents*

The Town considers all highly liquid investments and those with a maturity of three months or less when purchased to be cash equivalents.

#### *G. Investments*

Investments are stated at fair value for all funds.

## ***H. Encumbrances***

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Funds. For financial reporting purposes, encumbrances outstanding at year end are reported as a reservation of fund balance and do not constitute expenditures or liabilities.

## ***I. Inventory***

Inventory in the Cafeteria Fund (Special Revenue Fund) is valued at cost except for the U.S.D.A. donated commodities which are valued at market, utilizing the FIFO method. Food costs are determined using the consumption method of accounting. The Town has no inventories in other funds.

## ***J. Accrued Termination Benefits***

Unused sick leave may be accumulated for certain employees up to a limit ranging from 50 to 225 days, depending upon the contracts in force, for each department in the Town until termination, retirement or death at which time payments will be made.

Liabilities for compensated absences are accrued at current salary rates in force at June 30, 2000. The entire estimated liability for compensated absences is recorded in the General Long-Term Debt Account Group since the liability will be funded from future financial resources, not from available financial resources.

## ***K. Joint Ventures***

### **Bristol Resource Recovery Facility Operating Committee**

The Town is a participant with thirteen (13) other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). The BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of contracting municipalities in dealing with the waste to energy plant built by Ogden Martin Systems of Bristol, Inc. The governing board consists of Town officials appointed by each of the participating municipalities, and assumes all the management decisions. The Town of Branford has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town expenditures to the BRRFOC amounted to \$797,469 this year. General Fund unreserved, undesignated fund balance for fiscal year ended June 30, 2000 as reflected in the BRRFOC's financial statements is \$8.3 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

On May 15, 1995, the Committee issued \$68,040,000 in Solid Waste Revenue Refunding Bonds with interest rates varying from 5.2 % to 6.5% to current refund \$66,835,000 of outstanding special obligation bonds of the Connecticut Development Authority. The proceeds from the original bonds were loaned by the Authority to Ogden Martin Systems of Bristol, Inc. Under the Service Agreement, the service fee is an obligation of the Contracting Municipalities to which each has pledged its full faith and credit. Should any Contracting Municipality default in its obligation to pay the service fee, the other Contracting Municipalities shall have an obligation to continue to pay the aggregate service fee. If the Company does



not perform its obligations under the service agreement, and Ogden Corporation fails to perform such obligations pursuant to its guarantee, the Contracting Municipalities have certain rights to terminate the service agreement and, upon termination, would no longer be obligated to pay the service fee. The current balance of the bonds outstanding is \$58,580,000.

#### *L. Interfund Transactions*

Following is a description of the three basic types of interfund transactions made during the year and the related accounting policies:

Transactions to reimburse a fund for expenditures made by it or for the benefit of another fund - these transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.

Transactions to shift revenues or contributions from the fund budgeted to receive them to the fund budgeted to expend them - these transactions are recorded as transfers in and out.

Transactions to record equity contributions between funds - the receiving fund records such transactions as a transfer in and an addition to fund balance. The disbursing fund records the transaction as transfer out and reduction of fund balance.

#### *M. Fund Balance – Reservations and Designations*

Descriptions of the various reservations and designations of the Town's fund equity accounts are as follows:

Reserved for Inventory – to segregate an amount equal to the inventory in the asset section of the balance sheet.

Reserved for Encumbrances – to segregate a portion of fund balance for expenditure upon vendor performance.

Reserved for Trust Fund Purposes – to segregate a portion of fund balance which is nonexpendable.

Reserved for Employee Pension Benefits – to segregate a portion of fund balance to be used to finance future payments of pension benefits to retired employees.

Designated for Specific Programs – to segregate a portion of fund balance designated by the town for that program.

Designated for Subsequent Year – to segregate a portion of fund balance designated by the Town for subsequent year's budgeted expenditures.

A summary of reserved fund balances at June 30, 2000 is presented below:

General Fund:	
Reserved for Encumbrances .....	\$ 344,635
Special Revenue Funds:	
Reserved for Inventory .....	11,098
Capital Projects Fund:	
Reserved for Encumbrances .....	21,005,822
Trust and Agency Funds:	
Reserved for Trust Fund Purposes .....	200,420
Reserved for Employee Pension Benefits .....	<u>9,324,901</u>
TOTAL .....	<u>\$30,886,876</u>

A summary of designated fund balances is presented below:

General Fund:	
Designated for subsequent year .....	\$1,000,000
Capital Projects Fund:	
Designated for specific programs .....	<u>615,341</u>
TOTAL .....	<u>\$1,615,341</u>

#### *N. Total Columns on General-Purpose Financial Statements*

Total columns on the General-Purpose Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank", as defined by the Statutes, which is not a "qualified public depository".

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund (STIF) and the Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

#### **A. Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents at June 30, 2000:

Deposits:	
Demand accounts .....	\$ 1,129,613
Interest bearing accounts .....	<u>1,737,185</u>
Total deposits .....	2,866,798
Petty cash accounts .....	900
Other cash equivalents*:	
Tax Exempt Proceeds Funds .....	85,582**
State Short-Term Investment Fund (STIF) .....	7,357,553**
Cooperative Liquid Asset Securities (CLASS) .....	<u>1,291,337**</u>
TOTAL CASH AND CASH EQUIVALENTS .....	<u>\$11,602,170</u>

\* Short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity.

\*\* Risk Category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

#### **B. Deposits**

At June 30, 2000, the carrying amount of the Town deposits was \$2,866,798 and the bank balance was \$3,937,747. Of the bank balance, \$460,112 was covered by Federal Depository Insurance. Section 36a-333 of the Connecticut General Statutes requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio. A minimum of \$387,764 based on June 30, 2000 deposits was collateralized at Risk Category 3. Risk Category 3 is defined as collateral held by the pledging financial institution, or by its trust department or agent, but not in the Town's name. The balance of deposits of \$3,089,871 were uninsured and uncollateralized.

#### **C. Investments**

The Town's investments are categorized below to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and

unregistered investments for which the securities are held by the counterparty's trust department or agent in the Town's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty, or by its trust department or agent but not in the Town's name.

At June 30, 2000, the Town's investments consisted of the following:

	.....Category.....			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Total</u>
Categorized Investments:				
U.S. Government Securities .....			\$ 482,586	\$ 482,586
Equity Securities.....	\$73,753			73,753
Police Pension and Volunteer Firemen Fund:				
U.S. Government Securities .....			922,467	922,467
Other Debt Securities .....			2,375,454	2,375,454
Equity Securities .....			6,179,224	6,179,224
Total.....	<u>\$73,753</u>	<u>\$ - 0 -</u>	<u>\$9,959,731</u>	<u>\$10,033,484</u>

### 3. PROPERTY TAXES

Property taxes are assessed as of October 1 and billed the following July. Property taxes are payable in two installments on July 1 and January 1. Automobile levies and amounts under \$100 are due in one installment. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1-1/2% per month. Assessments for real and personal property, excluding motor vehicles, are computed at seventy percent of the market value. Unpaid balances at June 30 are lien.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within sixty days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue.

### 4. INTERFUND RECEIVABLE AND PAYABLE BALANCES

Individual fund interfund receivable and payable balances at June 30, 2000, are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
General Fund.....	Commission on Elderly .....	\$ 5,916
General Fund.....	Dog Fund .....	46
General Fund.....	Structural Remediation Fund .....	138,085
General Fund.....	Recreation Programs.....	3,835
General Fund.....	Willoughby Wallace Library .....	1,100
General Fund.....	Clean Water .....	610,766
H.S. Technology Improvement.....	General Fund.....	348,771
Police Station .....	General Fund.....	1,708

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Police Station .....	Special Program .....	\$ 5,557
Special Programs .....	General Fund .....	2,538
High School Renovations .....	General Fund .....	345,236
1996 Capital Projects .....	General Fund .....	15,443
Town Hall Renovations .....	General Fund .....	76,000
Open Space .....	General Fund .....	<u>20,000</u>
TOTAL .....		<u>\$1,575,001</u>

## 5. FIXED ASSETS

A summary of general fixed assets is as follows:

	<u>Balance</u> <u>June 30, 1999</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2000</u>
Land .....	\$ 5,789,590			\$ 5,789,590
Buildings .....	25,311,500			25,311,500
Equipment and personal property .....	17,707,380	\$ 232,771		17,940,151
Construction in process ..	<u>24,347,119</u>	<u>1,994,717</u>		<u>26,341,836</u>
TOTAL .....	<u>\$73,155,589</u>	<u>\$2,227,488</u>	<u>\$ - 0 -</u>	<u>\$75,383,077</u>

The Town underwent a full inventory appraisal which resulted in adjustments to the June 30, 1999 amounts.

## 6. LONG-TERM DEBT

The following is a summary of general long-term debt transactions for the year ended June 30, 2000:

	<u>Balance</u> <u>July 1, 1999</u>	<u>Debt</u> <u>Issued</u>	<u>Retirements</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>June 30, 2000</u>
Bonds and notes .....	\$42,177,130	\$1,270,151	\$4,159,030	,	\$39,288,251
Compensated absences .....	5,049,130			\$255,414	5,304,544
Lease purchase liability .....	22,961			(22,961)	- 0 -
Landfill closure .....	1,060,000			110,000	1,170,000
Retirement incentive .....	1,534,397			(807,340)	727,057
Net pension obligation .....	<u>1,447,881</u>			<u>(49,458)</u>	<u>1,398,423</u>
TOTAL .....	<u>\$51,291,499</u>	<u>\$1,270,151</u>	<u>\$4,159,030</u>	<u>\$(514,345)</u>	<u>\$47,888,275</u>

A schedule of bonds and notes outstanding at June 30, 2000 is presented below:

	<u>Balance</u> <u>July 1, 1999</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2000</u>
General:				
School, 11.40%, mature in 2002 .....	\$ 900,000		\$ 300,000	\$ 600,000
School, 4.0-5.0%, mature in 2008 .....	4,265,500		545,500	3,720,000
School, 5.9-7.9%, mature in 2009 .....	2,154,000		240,000	1,914,000
School, 4.0-6.0%, mature in 2016 .....	8,800,000		400,000	8,400,000
School, 4.5-6.25%, mature in 2017 .....	13,715,000		1,040,000	12,675,000
Public improvement, 6.20-6.30%, mature in 2002 .....	400,000		100,000	300,000
Public improvement, 8.60-9.10%, mature in 2003 .....	380,000		95,000	285,000
Public improvement, 4.0-5.0%, mature in 2008 .....	946,500		121,500	825,000
Public improvement, 5.9-7.9%, mature in 2009 .....	1,135,000		100,000	1,035,000
Public improvement, 4.0-6.0%, mature in 2016 .....	4,595,000		325,000	4,270,000
Special Assessment:				
Sewer, 4.0-5.0%, mature in 2008 .....	280,000		36,000	244,000
Sewer, 6.65%, mature in 2002 .....	100,000		25,000	75,000
Sewer, 5.35%, mature in 2003 .....	800,000		200,000	600,000
Sewer, 8.6-9.1%, mature in 2003 .....	1,060,000		265,000	795,000
Sewer, 5.9-7.9%, mature in 2009 .....	1,711,000		160,000	1,551,000
Sewer, 4.5-6.25%, mature in 2017 .....	240,000		115,000	125,000
Water, 4.0-5.0%, mature in 2008 .....	98,000		12,000	86,000
Water, 6.8-7.5%, mature in 2012 .....	400,000		25,000	375,000
Total bonds .....	41,980,000		4,105,000	37,875,000
State of Connecticut, Water, 2%, mature in 2013 ..	197,130		12,499	184,631
State of Connecticut, Water 2%, mature in 2019 ...		\$1,270,151	41,531	1,228,620
Total bonds and notes .....	<u>\$42,177,130</u>	<u>\$1,270,151</u>	<u>\$4,159,030</u>	<u>\$39,288,251</u>

The following is a summary of debt maturities for repayment of bonds and notes, excluding bond anticipation notes.

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001 .....	\$ 3,384,102	\$ 2,046,647	\$ 5,430,749
2002 .....	3,670,497	1,836,948	5,507,445
2003 .....	3,386,920	1,614,200	5,001,120
2004 .....	2,758,372	1,438,001	4,196,373
2005 .....	2,824,853	1,301,785	4,126,638
2006-10 .....	12,137,545	4,449,992	16,587,537
2011-15 .....	8,498,148	1,919,085	10,417,233
2016-19 .....	2,627,814	171,030	2,798,844
TOTAL .....	<u>\$39,288,251</u>	<u>\$14,777,688</u>	<u>\$54,065,939</u>

## Clean Water Fund Notes

The Town is currently participating in a Capital Project (Wastewater Design Fund) under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for "eligible water quality project costs". The Town's liability under the two-percent (2%) loan portion of the project was \$1,426,624 at June 30, 2000. This temporary loan is recorded as a liability in the Wastewater Design Fund and will be permanently financed upon completion. The Town authorized borrowing of \$30,750,000 to finance this project. The Town permanently financed \$1,270,151 in October 1999.

## General Obligation Bonds and Notes

All bonds and bond anticipation notes are classified as general obligations of the Town.

## Bonds Authorized Unissued

The Town had bonds authorized unissued for various projects as follows:

<u>Project</u>	<u>Authorization</u>	<u>Bonds Previously Issued</u>	<u>Bonds Authorized Unissued</u>	<u>Bond Anticipation Notes</u>
Wastewater Treatment .....	\$30,750,000	\$1,270,151	\$29,479,849	\$1,370,000
Branford High School .....	\$26,575,000	\$24,325,000	\$2,250,000	\$2,250,000
Town Hall Renovations .....	\$1,200,000		\$1,200,000	\$400,000

The bond anticipation notes were issued July 27, 1999 and matured on July 26, 2000 and were renewed at that time. The interest rate was 4.0%.

The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness*</u>	<u>Balance</u>
General purpose .....	\$114,374,952	\$7,915,000	\$106,459,952
Schools .....	\$228,749,904	\$19,291,430	\$209,458,474
Sewers .....	\$190,624,920	\$34,283,100	\$156,341,820
Urban renewal .....	\$165,208,264		\$165,208,264
Pension deficit .....	\$152,499,936		\$152,499,936

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation \$355,833,184.

\* Includes bonds authorized unissued (\$32,929,849) and excludes water bonds.

\*\* Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$10,267,570.

## Retirement Incentives

The Board of Education periodically provides retirement incentive programs. The liability for these programs decreased by \$807,340 to \$727,057 this year.

## 7. EMPLOYEE RETIREMENT SYSTEM

### Police Employees Retirement Plan

#### A. Plan Description

The Town of Branford is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its police officers. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund.

The Town provides police retirement benefits through a single employer, contributory, defined benefit plan. Under the plan, all regular members of the Police Department are eligible. Participants are 100% vested after 10 years of service. The retirement benefit is calculated at 2% of the highest annual salary out of the last three (3) years immediately prior to retirement multiplied by up to 33 1/3 years of service. Police officers are required to contribute 6% of their base salaries to the PERS. The Plan provides for automatic post-retirement increases on Retiree Pensions up to a maximum of 66 2/3% of pay. If an employee leaves covered employment before ten (10) years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by the Town and may be amended only by the Representative Town Meeting.

At July 1, 1999, PERS membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits .....	28
Terminated employees entitled to benefits but not yet receiving them .....	1
Active Plan Members .....	<u>43</u>
TOTAL .....	<u>72</u>

#### B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments: Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchange of investments are recognized on the transaction date. There are no investments in any organization that represent 5% or more of net assets available for benefits.

#### C. Funding Status and Progress

Police officers are required to contribute 6.0% of base pay to the PERS. The Town is required to contribute the amounts necessary to finance the coverage for its employees as determined by its actuaries; the current rate is 31.06% of covered payroll.



#### *D. Annual Pension Cost and Net Pension Obligations*

The Town's annual pension cost and net pension obligation to the Town's Retirement System for the current year were as follows:

Annual required contribution .....	\$ 670,195
Interest on net pension obligation .....	115,830
Adjustment to annual required contribution .....	<u>(116,483)</u>
Annual pension cost .....	669,542
Contributions made .....	<u>719,000</u>
Increase (decrease) in net pension obligation .....	(49,458)
Net pension obligation beginning of year .....	<u>1,447,881</u>
Net pension obligation end of year .....	<u>\$1,398,423</u>

The following is a summary of certain significant actuarial assumptions and other PERS information:

Actuarial valuation date .....	July 1, 1999
Actuarial cost method .....	Projected Unit Credit
Amortization method .....	Level dollar
Remaining amortization period .....	33 years closed
Asset valuation method .....	Fair Value
Actuarial assumptions:	
Investment rate of return .....	8.0%
Projected salary increases .....	6.0%
Assumed inflation rate .....	4.0%

#### *E. Trend Information*

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Actual Contribution</u>
6/30/98	\$735,775	102.7%	\$1,461,787	\$756,000
6/30/99	\$755,094	101.8%	\$1,447,881	\$769,000
6/30/00	\$669,542	107.4%	\$1,398,423	\$719,000

**F. Pension Plan Required Supplementary Information**

***Schedule of Funding Progress***

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) --Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
6/30/94	\$2,775,275	\$8,589,565	\$(5,814,290)	32.3%	\$1,797,306	323.5%
6/30/96	\$4,315,682	\$10,044,614	\$(5,728,932)	43.0%	\$1,831,325	312.8%
7/01/97*	\$5,753,024	\$10,386,258	\$(4,633,234)	55.4%	\$2,060,389	224.9%
7/01/99*	\$8,336,451	\$11,542,336	\$(3,205,885)	72.2%	\$2,314,802	138.5%

\* Includes payroll for participants at or over assumed retirement age. Not included in prior years.

***Schedule of Employer Contributions***

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/94	\$750,130	93.0%
6/30/95	\$791,424	88.0%
6/30/96	\$810,000	86.0%
6/30/97	\$797,915	96.5%
6/30/98	\$734,956	102.9%
6/30/99	\$755,000	101.9%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is presented in Section D above.

**Municipal Employees' Retirement System**

All Town of Branford full-time employees, except the Police Department employees, elected officials and certified teachers and administrators, participate in the Connecticut Municipal Employee's Retirement Fund B (MERF), a cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

**Funding Policy** - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 4.4% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the

State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2000, 1999, and 1998 were \$428,903, \$418,584, \$521,312, and respectively, equal to the required contributions for each year.

### Teacher Retirement

All Town of Branford teachers participate in the State of Connecticut Teacher's Retirement System under Section 10.183 of the General Statutes of the State of Connecticut which has a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- . Attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or;
- . attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The Board of Education withholds seven percent (7%) of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$15,744,292 or 54.58% of the total Town payroll of \$28,845,834.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2000 the Town has recorded in the General Fund, intergovernmental revenue and education expenditures in the amount of \$1,287,468 as payments made by the State of Connecticut on-behalf of the Town.

## 8. CAPITAL PROJECTS

A summary of capital projects at June 30, 2000 is presented below:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
Road Construction.....	\$ 5,077,671	\$ 5,077,671		
Elementary School Renovation.....	12,819,000	12,808,977		\$ 10,023
Leetes Island Water Supply .....	156,000	156,558		(558)
Board of Education Office Renovation.....	68,000	63,589		4,411
Clean Water Project .....	31,064,116	7,578,703	\$20,993,845	2,491,568
High School Renovations.....	26,577,000	26,341,838		235,162
1996/1997 Capital Projects .....	474,761	464,434	2,100	8,227
Police Station .....	3,970,000	3,969,583		417
Trolley Trail .....	51,235	48,515		2,720
Sidewalk and Curb .....	777,600	739,086		38,514
Ambulance Fund .....	227,554	176,205		51,349
Fire Apparatus Fund.....	1,039,708	765,997		273,711
Technology Upgrade (High School) .....	1,400,000	1,057,656		342,344
Structural Remediation Fund .....	150,000	138,085		11,915
Town Hall Renovation .....	1,200,000	390,204	9,877	799,919
Willoughby Wallace Library .....	675,000	10,135		664,865
<b>TOTAL.....</b>	<b>\$85,727,645</b>	<b>\$59,787,236</b>	<b>\$21,005,822</b>	<b>\$4,934,587</b>

## 9. BULKY WASTE LANDFILL

The Town landfill at the intersection of Tabor Drive and Marshall Road no longer accepts municipal solid waste, yet continues to accept bulky waste, and serves as a Department of Environmental Protection-approved site for placement of soils with certain contaminants. In June 2000, the landfill ceased accepting sewer sludge from regular operations at the Town Water Pollution Control Facility (WPCF).

State and Federal laws and regulations require the Town to place final cover on the landfill. While the landfill continues to receive bulky waste, the Town has undertaken the placement of final cover prior to the complete closure of the landfill to take advantage of local opportunities for soil acquisition and complete the project over several fiscal years. As the majority of the landform has been completed to final permitted grades, a program of placement of final cover has been instituted for those areas of the landform where grades will not be changed in the future.

In January and February, 2000, in connection with the new WPCF construction, the landfill accepted a large quantity of sludge from two lagoons, which necessitated placement of this material on a section of the top of the landfill that had previously been capped and described by this report as completed. This material is to be mixed with large quantities of soils described above, with the resulting mixture to be used to re-grade the entire top to the landfill—both new and previously completed sections. This mixture will be the base layer of the ultimate final capping. Although this resulted in a cost savings for the Town for sludge disposal, it has had the effect of lowering the percentage of the landfill where capping has been completed, thus increasing costs per square foot completed.

Dollars spent in the 1999/2000 fiscal year on sludge and contaminated soil handling have not been attributed in this calculation to closure costs.

Each year, the Town appropriates funds for the placement of final cover. To date, \$490,000 has been appropriated and expended and approximately 54% of the total area of the landfill have had final cover applied. It is anticipated that the placement of bulky waste will continue at the landform for the next eight (8) years, and that the Town will continue to make an annual appropriation for the placement of final cover on the landfill until the side and top slopes are completed except for a working face at the front. Thereafter, annual appropriations will be placed in a reserve fund for the final cover for this front section when it no longer receives waste. Soils made available to the Town, along with contaminated soils, are utilized for landfill cover and serve to reduce the overall costs for capping the landfill. Based upon current practice, it is anticipated that the final cover costs will total \$910,000, including funds already appropriated, but not including post-closure costs. The Town is required to monitor and maintain the landfill for thirty years after closure. The estimated annual cost for this postclosure activity is \$25,000. These costs will be funded through the General Fund on an annual basis. Regulatory changes or acceleration of the schedule for closure of the landfill may require additional appropriations for the accelerated completion of the installation of final cover.

Inflation, technology improvement and regulatory changes could have an impact on estimated costs.

### Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

Final Cover Cost (\$52,500 x 8 years) .....	\$ 420,000
Postclosure Care Costs (30 years):	
Inspection and maintenance of final cover (\$10,000 annually) .....	300,000
Groundwater Monitoring (\$15,000 annually) .....	<u>450,000</u>
TOTAL .....	<u>\$1,170,000</u>

## 10. OTHER REQUIRED DISCLOSURES

### Fund Deficits

The following funds had a deficit fund balance as of June 30, 2000:

<u>Fund</u>	<u>Amount</u>
Special Revenue Fund:	
Dog Fund.....	\$4,311
Cafeteria Fund.....	\$16,946
Capital Project Funds:	
High School Renovations.....	\$2,011,218
Structural Remediation Fund .....	\$138,085
Town Hall Renovation .....	\$390,204
Clean Water Fund .....	\$5,049,781

The Special Revenue Fund fund deficits will be funded by future operations or General Fund transfers.

The Capital Project Fund deficits will be funded by grants, permanent financing or payments from other funds.

### Overexpended Appropriations

The following budget line items were overexpended:

	<u>Budget</u>	<u>Actual</u>	<u>Overexpended</u>
Special Revenue Funds:			
Board of Education Program Fund:			
Supplies .....	\$4,850	\$5,118	\$268
Other expenditure.....	\$41,050	\$85,379	\$44,329
Board of Education Cafeteria Fund:			
Operation of Program.....	\$839,535	\$931,084	\$91,549
Day Care Fund:			
Supplies .....	\$19,798	\$21,486	\$1,688

## 11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

## **12. LITIGATION AND CONTINGENCIES**

The Town of Branford is currently a defendant in a number of lawsuits. It is the opinion of Town officials and legal counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgement against the Town which would materially adversely affect its financial position.

## **13. SIGNIFICANT SUBSEQUENT EVENTS**

On July 26, 2000, the Town issued general obligation bond anticipation notes of \$4,270,000 with a maturity date of July 25, 2001. The notes are being used to finance various Town capital improvements.

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## APPENDIX B - FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION

The following information has been prepared by Bond Counsel in connection with this bond issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.

### BOND COUNSEL OPINION

The legal opinion of the firm of Day, Berry & Howard LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the purchaser.

The opinion of Day, Berry & Howard LLP with respect to the Bonds will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Branford  
Branford, Connecticut

We have represented the Town of Branford, Connecticut as Bond Counsel in connection with the issuance by the Town of \$23,770,000 General Obligation Bonds, Issue of 2001, dated as of May 15, 2001.

We have examined a record of proceedings authorizing the Bonds, and based on our examination, we are of the opinion that the Town of Branford is authorized to issue the Bonds; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds; the Bonds will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of State Street Bank and Trust Company of Connecticut, N.A.; and that the Town has the power to levy ad valorem taxes to pay the Bonds against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate pursuant to Section 12-97 of the General Statutes of Connecticut, Revision of 1958, as amended, and dwelling houses of qualified elderly people of low income taxable at limited amounts pursuant to Section 12-129b of said General Statutes.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds will be excluded from gross income for Federal income tax purposes.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax.

Based on the record of proceedings authorizing the Bonds, it is our opinion that, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax





on individuals, trusts and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day, Berry & Howard LLP

## **FEDERAL INCOME TAX.**

*Interest Excluded From Gross Income.* The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Bonds is excluded from the gross income of the owners thereof for Federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Bonds. Failure to comply with any of these requirements may cause the interest on the Bonds to be includable in gross income for Federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Bonds will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Bonds will be excluded from the gross income of the owners thereof for Federal income tax purposes.

*Alternative Minimum Tax.* The Code imposes an alternative minimum tax on individuals and an alternative minimum tax on corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not "private activity bonds" so that interest on the Bonds will not be treated as a preference item for individuals or corporations in calculating alternative minimum taxable income.

The Code provides, however, that for most corporations 75% of the excess of adjusted current earnings (which includes tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax.

*Financial Institutions.* The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds will *not* be "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

*Changes in Federal Tax Law.* Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds.

## **ADDITIONAL FEDERAL INCOME TAX MATTERS.**

The following is a brief discussion of certain Federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of Federal taxation that may be relevant to a particular owner of a Bonds. Prospective owners of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

As noted above, interest on the Bonds may be taken into account in computing the tax liability of corporations subject to the Federal alternative minimum tax imposed by Section 55 of the Code. Interest on the Bonds may also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Ownership of the Bonds may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or

continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for Federal income tax purposes.

#### **STATE OF CONNECTICUT TAX ON INTEREST.**

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes: (1) interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the Federal alternative minimum tax.

#### **ORIGINAL ISSUE DISCOUNT.**

The initial public offering price of certain of the Bonds may be less than the amount payable on the Bonds at maturity. The excess of the amount payable at maturity over the initial public offering price at which a substantial amount of such Bonds are sold constitutes original issue discount. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for Federal income tax purposes. Accrued original issue discount on a bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

#### **ORIGINAL ISSUE PREMIUM.**

The initial public offering price of certain of the Bonds may be greater than the amount payable on the Bonds at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction,

upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for Federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Owners of Bonds having original issue premium, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

\* \* \* \* \*

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. No assurance can be given that future Federal legislation enacted or proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds or will not change the effect of other Federal tax law consequences discussed above of owning and disposing of the Bonds. No assurance can be given that future legislation, or amendments to the State income tax law, if enacted into law, will not contain provisions which could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates.

The information above does not purport to deal with all aspects of Federal or State taxation that may be relevant to particular investors. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

## APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

*In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.*

### Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of May 15, 2001 by the Town of Branford, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$23,770,000 General Obligation Bonds, Issue of 2001, dated as of May 15, 2001 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

**Section 1. Definitions.** For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Final Official Statement" means the official statement of the Issuer dated May 3, 2001 prepared in connection with the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"NRMSIR" means any nationally recognized municipal securities information repository recognized by the SEC from time to time. As of the date of this Agreement the NRMSIRs are:

Bloomberg Municipal Repositories  
P.O. Box 840  
Princeton, NJ 08542-0840  
(609) 279-3225  
Fax: (609) 279-5962  
Email: Munis@Bloomberg.com

DPC Data Inc.  
One Executive Drive  
Fort Lee, NJ 07024  
(201) 346-0701  
Fax: (201) 947-0107  
Email: nrmsir@dpcdata.com

Interactive Data  
Attn: Repository  
100 Williams Street  
New York, NY 10038  
(212) 771-6899  
Fax: (212) 771-7390  
Email: NRMSIR@interactivedata.com

Standard & Poor's J. J. Kenny Repository  
55 Water Street - 45th Floor  
New York, NY 10041  
(212) 438-4595  
Fax: (212) 438-3975  
Email: nrmsir\_repository@sandp.com

"Rule" means rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

"SID" means any state information depository established or designated by the State of Connecticut and recognized by the SEC from time to time. As of the date of this Agreement no SID has been established or designated by the State of Connecticut.

**Section 2. Annual Financial Information.**

(a) The Issuer agrees to provide or cause to be provided to each NRMSIR and any SID, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2001) as follows:

(i) Financial statements of the Issuer's general fund for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above:

- (A) amounts of the gross and the net taxable grand list applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of net direct indebtedness, gross direct indebtedness and total net direct indebtedness as of the close of the fiscal year,
- (F) gross direct indebtedness and net direct indebtedness of the Issuer per capita,
- (G) ratios of the gross direct indebtedness and net direct indebtedness of the Issuer to the Issuer's net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the Issuer's pension benefit obligation.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Issuer's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to each NRMSIR and any SID, or filed with the SEC. If the document to be referenced is a final official statement, it must be available from the MSRB. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer, provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

### **Section 3. Material Events.**

The Issuer agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or the MSRB and (ii) any SID, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of holders of the Bonds;
- (h) Bond calls;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds; and
- (k) rating changes.

### **Section 4. Notice of Failure to Provide Annual Financial Information.**

The Issuer agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or the MSRB and (ii) any SID, notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

### **Section 5. Use of Agents.**

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

### **Section 6. Termination.**

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

### **Section 7. Enforcement.**

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Finance Director, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Finance Director is Town Hall, 1019 Main Street, Branford, Connecticut 06405.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds, and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rules as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with (i) the NRMSIRs or the MSRB and (ii) any SID. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

TOWN OF BRANFORD

By \_\_\_\_\_  
Anthony J. DaRos, First Selectman

By \_\_\_\_\_  
Francis W. Walsh, Jr., Selectman

By \_\_\_\_\_  
Jason B. Vincent, Selectman

By \_\_\_\_\_  
Edward J. Zack, Jr., Treasurer

APPENDIX D - BOND INSURANCE

THE MBIA INSURANCE CORPORATION INSURANCE POLICY

The following information has been furnished by MBIA Insurance Corporation (the "Insurer") for use in this Official Statement. Reference is made to Appendix D for a specimen of the Insurer's policy.

The Insurer's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Issuer to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The Insurer's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has two European branches, one in the Republic of France and the other in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Insurer, changes in control and transactions among affiliates. Additionally, the Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

As of December 31, 1999, the Insurer had admitted assets of \$7.0 billion (audited), total liabilities of \$4.6 billion (audited), and total capital and surplus of \$2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2000, the Insurer had admitted assets of \$7.6 billion (audited), total liabilities of \$5.2 billion (audited), and total capital and surplus of \$2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Furthermore, copies of the Insurer's year-end financial statements prepared in accordance with statutory accounting practices are available without charge from the Insurer. A copy of the Annual Report on Form 10-K of the Company is available from the Insurer or the Securities and Exchange Commission. The address of the Insurer is 113 King Street, Armonk, New York 10504. The telephone number of the Insurer is (914) 273-4545.

Moody's Investors Service, Inc. rates the financial strength of the Insurer "Aaa".

Standard & Poor's Ratings Services Group, a division of The McGraw-Hill Companies, Inc., rates the financial strength of the Insurer "AAA".

Fitch IBCA, Inc. rates the financial strength of the Insurer "AAA".

Each rating of the Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. The Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

This policy is not covered by the Connecticut Insurance Guaranty Association specified in Section 7 of the Connecticut Financial Guaranty Act.





## FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation  
Armonk, New York 10504

Policy No. \_\_\_\_\_

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to, or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

This policy is not covered by the Connecticut Insurance Guaranty Association specified in Section 7 of the Connecticut Financial Guaranty Act.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this day of, 1994

MBIA Insurance Corporation

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Assistant Secretary

SPECIMEN

